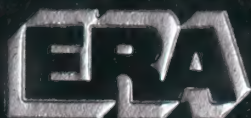


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Economics Research Associates

Affiliated with University of California

**SAN FRANCISCO
NEEDS ASSESSMENT FOR ADDITIONAL
MEETING AND/OR EXHIBIT SPACE**

*Prepared for the
Chief Administrative Officer
City and County of San Francisco*

8 September 1994





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*Prepared for the
Chief Administrative Officer
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Prepared by
EPI, A Joint Venture
Economics Research Associates
Public Affairs Management
Iyer and Associates

EPI Project No. 10981

**San Francisco
Needs Assessment for Additional
Meeting and/or Exhibit Space**

EXECUTIVE SUMMARY

San Francisco added to the City's inventory of meeting and exhibit space by expanding the Moscone Convention Center in 1991 and 1992. Space in the expanded Moscone Center is already heavily booked through the year 2000. Several important repeat clients of Moscone are now reporting that even with the recent expansion, the City's primary meeting and exhibition facility will be too small to meet their needs in the future. The Chief Administrative Officer of the City of San Francisco retained the EPI, a San Francisco joint venture consultant team composed of Economics Research Associates, Public Affairs Management and Iyer and Associates, to answer the question; does San Francisco need to add more meeting and/or exhibit space again to maintain market share?

WITHOUT EXPANSION

If San Francisco does not build more space, it will lose market share in the growing West Coast market for major meetings, dropping from 20 percent to 16 percent by the year 2000. On the other hand, San Francisco will lose very little in terms of the absolute number of groups served, dropping to an average of 43 significant groups from the current 46. In terms of occupancy of the ten areas within the Moscone Center, San Francisco will probably lose nothing. The Moscone Center is effectively 100 percent full today, and is expected to remain full in the future.

In contrast to a flattening growth trend among all meetings in North America, the larger and more successful meeting groups (which make up the most important users of space in San Francisco) are continuing to grow. Most will creatively try to use the spaces available in Moscone, in hotels and in other facilities in order to repeat their meetings in San Francisco as long as possible, because they know the charm and attractiveness of the City itself ensures

them record attendance virtually every time they meet here. Some groups may find that they do not grow as fast as planned (e.g., San Francisco's vital repeat clients in the medical industry are subject to possible downsizing due to national health care reform). By the year 2000, however, some of these groups will no longer be meeting in San Francisco without expansion.

San Francisco also hosts dozens of smaller groups each year which fit within approximately half of the Moscone space as simultaneous users of the facility. These groups too are successful within their respective industries for the most part, and will also continue growing. By the year 2000 many of these will be large enough to replace lost business as users of the full Moscone Center.

The net result of this growth and shifting of business is that without expansion Moscone will likely lose a few of the very largest meeting groups. Even so, Moscone will be housing more full users of its facilities and fewer on a simultaneous use basis by the year 2000. This outcome is also affected by booking policies and the priority given to repeat customers and to roomnight generators, but it is likely that there will be some diminution of the roomnight capture by San Francisco. The loss is estimated at a drop of 30,000 roomnights from the current base of 690,000. This is due in part to the additional days required to move full users in or out of the convention center, during which other groups and their hotel based delegates are precluded from meeting in the city. Thus, the economic impact of major convention business in 2000 is projected to be 4 percent less than it is today. The small amount of the shrinkage suggests that San Francisco may be able to hold steady in a no expansion future with application of aggressive booking policies and technological innovations.

THE IDEAL EXPANSION

The market clearly demands contiguous exhibit spaces. The ideal expansion of a convention center is to expand the main hall in one or more directions in a contiguous fashion with flexible divisions allowing the facilities to accommodate either one huge event or multiple groups on a simultaneous use basis. This is the mode of expansion now being

pursued in San Diego and Orlando. It makes sense in those locations, and it would make sense in San Francisco if it were possible.

Moscone Center's underground configuration makes it extremely difficult to expand in a contiguous fashion. Most of the market perceives the recent expansion as a non-contiguous, suboptimal form of expansion, and many report they will leave San Francisco before they will split prime exhibits between South and North Halls. Any expansion of exhibit space to an adjacent block to Moscone will be perceived as even less desirable than the North Halls, especially if it is on a different level. Practically speaking, San Francisco cannot produce the ideal expanded convention center desired by the market.

MARKET ACCEPTANCE OF ADDITIONAL FACILITIES IN SAN FRANCISCO

In spite of the tremendous development still occurring in competing meeting facilities in North America, and in spite of the suboptimal facility configurations available in San Francisco, this assessment has concluded that the market will still respond positively to additional facilities in San Francisco. The demand will be primarily from smaller groups who currently use only half of Moscone's spaces. A few more groups which will grow into full users will be able to find dates in the existing center once more capacity exists in the city. Very few groups larger than those today will be attracted by the non-contiguous expansion facilities.

The need is clearly for a balanced mix of meeting and exhibit facilities which have the ability to operate independently of the existing facilities in the Moscone Center. The recent expansion to Moscone is seen by the market as the most appropriate model for another expansion. Specifically, this mix should include at least 150,000 and up to 250,000 gross square feet of exhibit space (divisible into two or more smaller halls), a bank of 15 to 20 dedicated meeting rooms, a flexible ballroom/meeting room facility comparable to the Esplanade, and food preparation and other back of the house facilities. In general, San Francisco's primary target market of meeting groups are slightly more interested in additional meeting rooms than in additional exhibit space.

LOCATION OF ANY NEW FACILITIES

From the market assessment there are only two generic locations which make sense for new facilities in San Francisco. The first would be an adjacent block to the existing Moscone Center where a strong visual connection, and potentially some physical connection, could be made with the existing facilities. Such a non-contiguous expansion would not be adequate to retain most of the groups which are outgrowing San Francisco today, but a few would split up their events to take advantage of the San Francisco location for a few more years. Overall West Coast market share under this alternative is projected to grow from 46 groups today, to 59 groups in the year 2000. Roomnight generation is estimated to increase from 690,000 to 960,000 per year in this scenario. There is very little opportunity for this type of expansion adjacent to Moscone. Some commercial relocation and redevelopment would be required.

The second generic location attractive to the market would be a site as close as possible to the block of existing convention hotels. A site composed of two city blocks north of Market Street would provide enough space for a freestanding facility of the size described above. Under this alternative, San Francisco's share of the West Coast market is projected to increase from 46 groups to 67 groups in 2000. Roomnight generation would increase by 300,000 per year, from 690,000 to 990,000. Substantial commercial and residential relocation would be required.

The market response to a facility in the neighborhood of Moscone, but a half block or more away, was decidedly negative. Such a location would not be used by large groups, and would add no particular attraction for smaller simultaneous users. There was also no interest in the market for a freestanding facility in a remote location away from the convention center or the downtown convention hotel block, even if such a location enjoyed waterfront views or some other environmental amenity.

ECONOMIC IMPACT

Building an additional facility (comparable to the recent North Hall and Esplanade Ballroom expansion to Moscone) would increase the economic impact of major meetings to San Francisco by 35 to 45 percent in 2000. Only two locations for such an expansion are acceptable to the market. The economic benefit to the city is approximately the same in both of these alternatives, but the freestanding facility near the hotel block could produce a slightly larger benefit. Although the freestanding facility would not allow San Francisco to attract groups any larger than those today, it could handle many more smaller events of the size that are currently simultaneous users of half of Moscone's space. These smaller groups have the advantage of being slightly shorter in move-in/-out time required, and can be staggered with business at Moscone to create a more even demand for hotel rooms, restaurants and other facilities in the city. As a result, the greater number of smaller events in the freestanding alternative generates slightly more room-nights, and thus slightly greater economic impact, than the alternative of expanding the existing Moscone Center onto an adjacent block.

This study has conducted extensive primary market research and constitutes the needs assessment for additional meeting and/or exhibit facilities in San Francisco. The conclusion is that if San Francisco builds new facilities, the market will respond positively and fill them to effective capacity. A full feasibility analysis of new facilities, however, would require two additional steps. First, conceptual designs would have to be developed sufficiently to allow for estimation of costs for site acquisition, relocation and construction. Second, the benefits to the City of San Francisco and the community at large would have to be compared with development costs and environmental and community issues to determine if the required investment is justified.



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APPENDIX II - LIST OF GROUPS CONTACTED FOR INTERVIEW AS
PART OF STUDY

GENERAL LIMITING CONDITIONS

Section I

INTRODUCTION

San Francisco added to the City's inventory of meeting and exhibit space by expanding the Moscone Convention Center in 1991 and 1992. Space in the expanded Moscone Center is already heavily booked through the year 2000. Several important repeat clients of Moscone are now reporting that even with the recent expansion, the City's primary meeting and exhibition facility will be too small to meet their needs in the future.

The Chief Administrative Officer of the City of San Francisco retained EPI, A Joint Venture. EPI is a team of three San Francisco consulting firms composed of Economics Research Associates (ERA), Public Affairs Management, and Iyer and Associates. The EPI team was charged with assisting the San Francisco community in answering a series of questions regarding the future market for major meetings.

- Are more convention facilities needed to serve the target markets given their projected growth rates, and to help San Francisco maintain its market share of the most attractive groups?
- If more facilities will be required beyond the year 2000, what type of spaces will be most needed (e.g., exhibit space, meeting rooms, ballrooms)?
- How would the key market segments respond to non-contiguous locations for expansion facilities?
 - Different market segments will have different needs. For smaller groups currently using Moscone facilities simultaneously with others, will they be willing to use new space in a non-contiguous location?
 - For large groups, will they be willing to split some of their functions into non-contiguous spaces?

- What effect does distance have on these responses by client groups? What is the maximum radius from the current facilities, and what is the effect of distance from the committable room block?

The order of presentation in the following report roughly corresponds to the sequence in which research and analysis tasks were undertaken by the team. Section II presents historic demand for convention facilities as revealed by the utilization of the Moscone Center. Section III examines the growing supply side of the equation, focusing on the most competitive convention centers to Moscone. Demand side trends and the competitive image of San Francisco in the market place is examined in Section IV, drawing heavily on findings of METROPOLL, a syndicated survey of meeting planners sponsored by ERA. Section V describes the results of an extensive series of executive interviews conducted by the consultants. The location issue is addressed in Section VI which presents several alternative scenarios developed by the consultant team to describe possible future configurations of meeting facilities in San Francisco. The reaction of the primary market for San Francisco facilities to these scenarios is also presented in Section VI. Section VII presents an analysis of expected future demand for space, and the likely capture of market share by San Francisco under each of the alternative development scenarios. The report concludes with an analysis of the economic value of each future scenario in Section VIII. The results of the entire study were presented in the Executive Summary at the beginning of this report.

ERA served as the lead firm for the joint venture, under the project direction of Steven Spickard. The principal members of the consultant team included Chris Yoshii with ERA, Kay Wilson and Ann Tobias with Public Affairs Management, and Arvind Iyer and Frank Hailey with Iyer & Associates. Jack Moerschbaeher, Director of San Francisco's Convention Facilities Department, served as the City's Project Manager, and observed a number of the executive interviews. EPI acknowledges the highly professional cooperation provided by the staffs of the San Francisco Convention and Visitors Bureau and Spectacor Management Group, without whose assistance this project could not have been completed.

Section II

HISTORIC TRENDS IN MOSCONE UTILIZATION

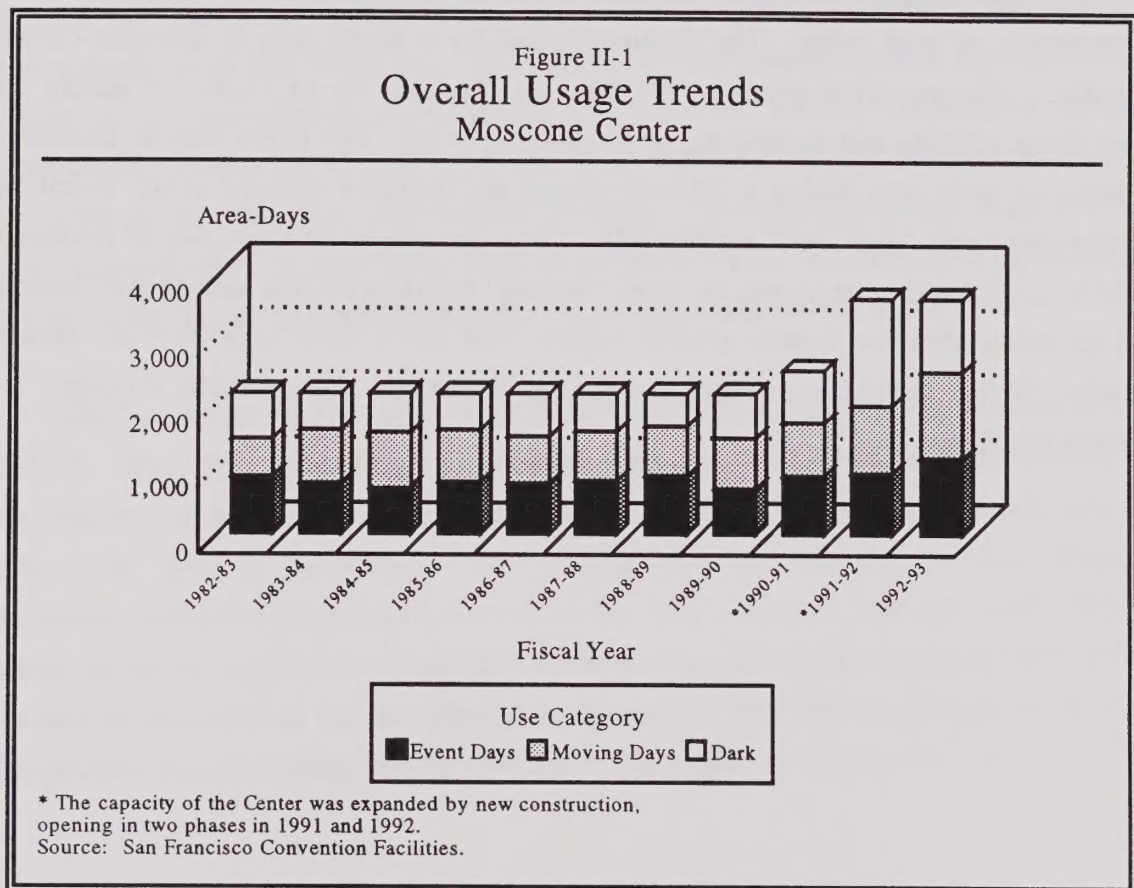
Before making projections of the future, it is useful to first review the past utilization of San Francisco's primary meeting facility complex, the Moscone Center. This analysis examines both the total utilization of the Center as measured by occupancy and the nature of the users of the Center. It then draws conclusions as to the excess capacity, if any, of the Center.

USAGE TRENDS

Moscone Center presently consists of ten "areas," combinations of which may function independently of each other. The 24-hour period for a single area is hereafter called an "area-day." On any given area-day, the area may be used for an event, for setting up or taking down exhibits and equipment, or for nothing at all. The terms used to describe the condition of each area during a 24-hour period are hereafter referred to as "event day," "moving day," and "dark day," respectively. Since an area on an event day or moving day would be considered to be in use, the term "use day" refers to an area under either condition. With ten areas, Moscone Center could be said to offer 365×10 or 3,650 potential area-days annually. Before the recent expansion when the Center had just six areas, it offered 2,190 potential area-days.

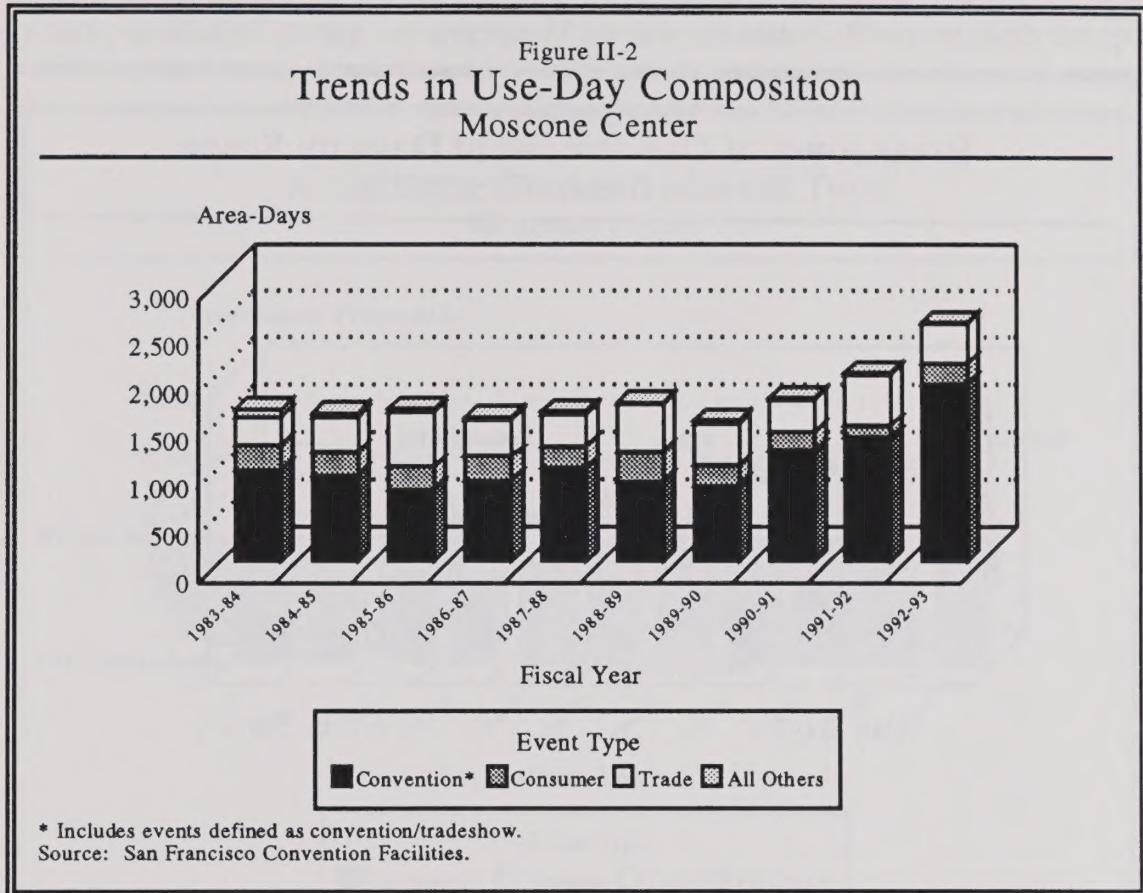
Overall Usage

Figure II-1 shows the growth in both the area-day capacity and the usage of Moscone Center from 1982 to 1993. From the beginning, Moscone has had high overall usage, with 60 to 70 percent of total area-days consisting of use-days. (As will be discussed further below, it is impossible to achieve 100 percent use-days on a practical basis, because when a user occupies several areas for an event, one or more remaining areas are often rendered inaccessible for additional simultaneous use, and must remain "dark.") From 1989-90 to 1991-92, as the expansions were opened, the number of dark days increased considerably. However, usage soon caught up, and in 1992-93 use days again constituted almost 70 percent of area-days, a situation comparable to that of the mid-1980s.



Composition of Use and Event Days

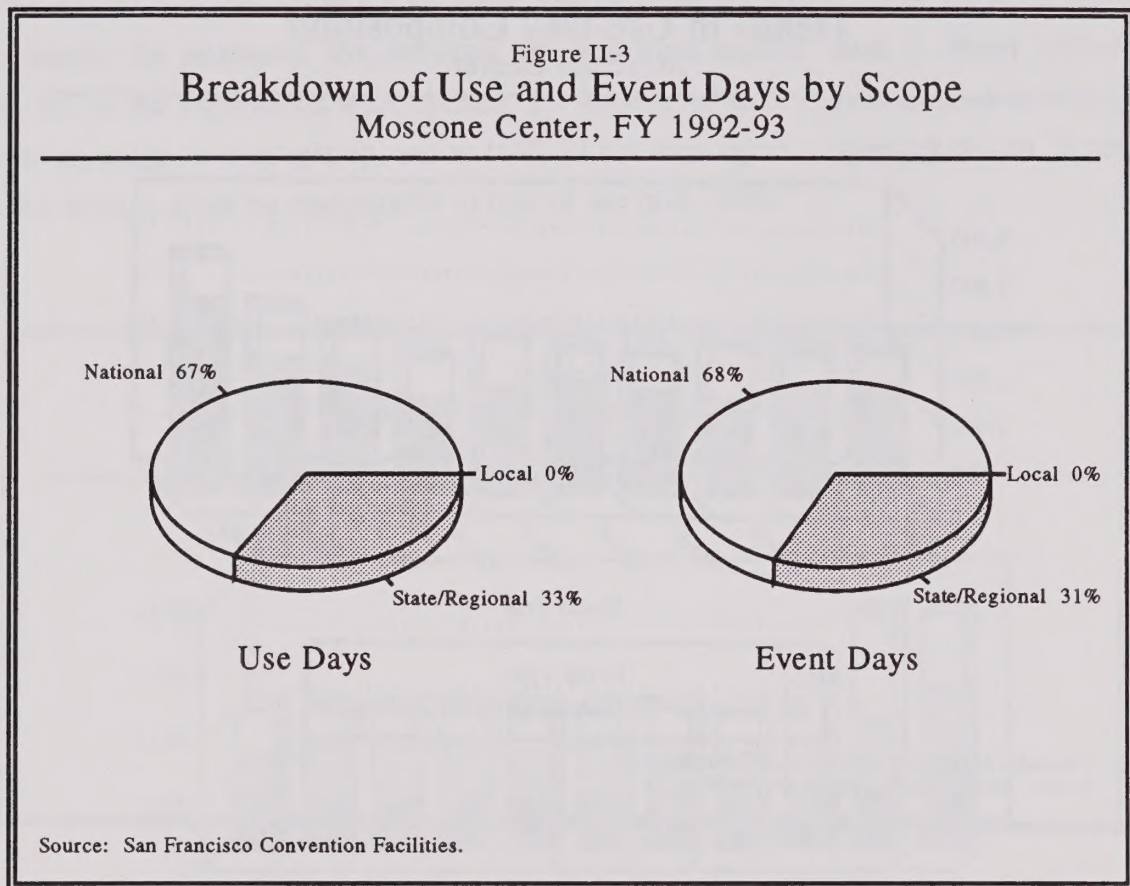
Conventions and convention/tradeshows have come to dominate the usage of Moscone Center as indicated by Figure II-2 which shows the breakdown by event type of annual use days. Until the 1990s, conventions and convention/tradeshows constituted about one-half to



two-thirds of total use days. Starting in 1990-91, however, they began to make up the vast majority of use and event days. Tradeshows without conventions, the second largest component of Moscone usage, remained relatively constant in their total use days during the period, though their shares of total use days dropped. Consumer shows and other types of events have historically made up a relatively small fraction of usage, and that fraction has dropped since 1990. Much of this pattern can be explained by the booking policies employed

at an administrative level in San Francisco which give highest preference for space in Moscone to groups which use a significant number of hotel sleeping rooms.

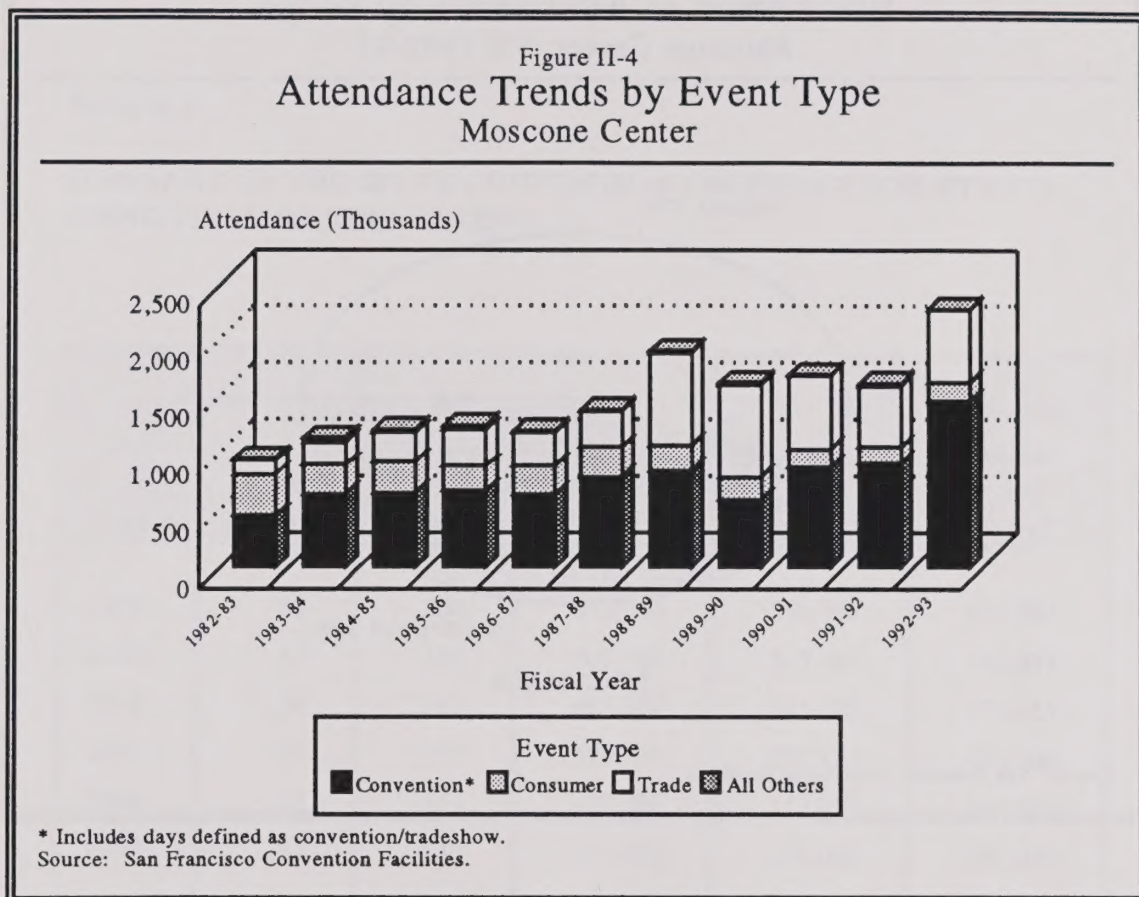
Figure II-3 breaks down use and event days by the geographical scope of events for the fiscal year 1992-93. Nationally-oriented events make up about two-thirds of both use and event days, with a slightly higher proportion of event days. State/regional events make up



the remaining third, with local events consisting of less than one percent of both use and event days.

Attendance Trends

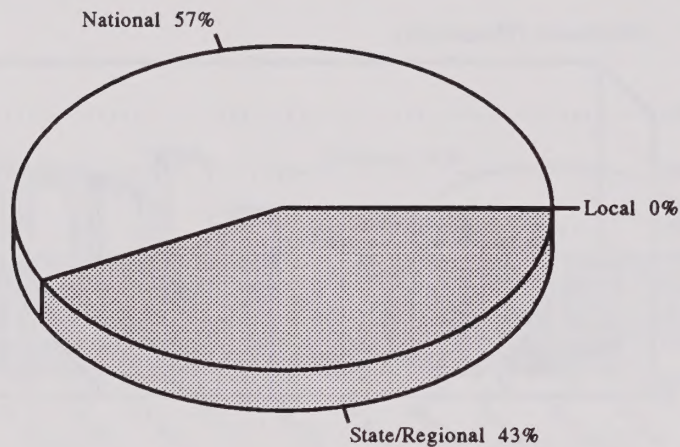
Attendance at Moscone events has been influenced by the expansion of the facilities and the character of the events held at the Center. Figure II-4 shows that attendance has generally risen over the entire life of the Center except for the early 1990s when it temporarily leveled off during construction of the new expansion. However, with the opening



of the North building in fiscal year 1992-93, it jumped to new highs. Until 1992-93, conventions and convention/tradeshows accounted for about one-half of total annual attendance. In 1992-93, however, conventions and convention/tradeshows accounted for closer to two-thirds of total attendance at Moscone.

State-regional events account for a higher proportion of total attendance at 43 percent than they do of use or event days as indicated by Figure II-5. This is due to the more local orientation of events open to the public. As with use days, and in contrast with many convention centers around the country, local events account for an essentially negligible proportion of total attendance.

Figure II-5
Breakdown of Attendance by Scope
Moscone Center, FY 1992-93



Attendance

Source: San Francisco Convention Facilities.

Existing and Future Roomnights

Because events are booked years in advance, it is possible to begin estimating roomnight generation for future years. Table II-1 summarizes the current status of Moscone's calendar for 1992 to 1997 for just those events booked by the Convention and Visitors Bureau. Potential roomnights are already expected to range from 600,000 to 700,000 in most years. Of course, changes and additions to the schedule could significantly increase these projections.

Table II-1

SUMMARY OF THE SFCVB CONVENTION CALENDAR FOR EVENTS USING THE MOSCONE CENTER

Year	Total Events ¹	Total Use Days	Total Estimated Attendance²	Estimated Peak Rooms²	Potential Annual Room Nights²
1992	53	206	652,900	159,050	644,500
1993	47	194	809,700	165,447	762,032
1994	58	182	684,600	145,075	579,425
1995	51	220	575,300	157,150	691,200
1996	32	163	430,500	112,950	594,850
1997	30	146	581,500	128,000	642,000

¹ Includes conventions, trade shows and consumer shows.

² Estimates are made when events are booked, and may differ from actual attendance and room night pick up.

Source: SFCVB Convention Calendar (January 1994).

OCCUPANCY TRENDS

Because convention centers can host multiple events at the same time, measuring occupancy on any given date is more complicated than just determining occupied or not. Any indicator of occupancy starts with the use of a particular hall or area for on an event day or moving day, as opposed to a "dark" day. As mentioned earlier, each of the ten areas in Moscone Center can be combined into functional clusters to host different events on the same day, or can be unused while other areas are in use. Thus two definitions of occupancy have been employed in this analysis: occupancy by "area-days" and "space-weighted area-days." In computing occupancy, ERA uses a 365 day year of potential dates (some industry analysts discount holiday periods and use a 320 day year). Table II-2 shows the computation of both measures of occupancy for Moscone's 1992-93 fiscal year.

Area-Days

The Table shows in its third section the calculation of occupancy by area-days. This calculation is made by treating each area of Moscone equally regardless of its size; that is, a large hall in use on one day counts as much as a smaller room in use on one day. On this basis, the Gateway Ballroom showed the highest occupancy at 75 percent. In general, the newest facilities in Halls D and E and the North Meeting Rooms, with figures of 61 or 62 percent, showed lower occupancies than the rest of the facility. This is no doubt a transitional phenomenon as customers become accustomed to using the expansion facilities. The overall occupancy rate by area-days was 69 percent. As will be seen below, this is very close to the practical limit on occupancy, and is remarkable given that this was the first full year the expansion facilities were open. Convention/tradeshows accounted for one half of total occupancy in 1992-93.

Space-Weighted Area-Days

Since Moscone's different areas have large range of sizes, another method of calculating occupancy is by weighting each area by its square footage (sometimes referred to as "occupied square-foot-days"). When adjusted in this manner, the total occupancy of Moscone for 1992-93 dropped to 68 percent. The proportions of occupancy taken up by

Table II-2

**MOSCONE CENTER OCCUPANCY RATE
1992 - 1993**

Event Type	Area-Days										
	Hall A	Hall B	Hall C	Gateway Ballroom	East Mezzanine	West Mezzanine	Esplanade Ballroom	Hall D	Hall E	N. Mtg. Rooms	Total
Conventions	8	12	0	9	7	15	22	0	4	5	82
Tradeshows	61	61	53	57	56	50	25	19	19	18	419
Conv./Tradeshow	170	162	160	193	181	174	206	182	189	187	1,804
Consumer Shows	24	31	37	14	24	31	10	24	10	10	215
Other	0	0	0	0	1	0	1	0	3	3	8
TOTAL	263	266	250	273	269	270	264	225	225	223	2,528

Space (sq.ft.) 94,980 50,500 110,965 25,525 11,754 6,478 42,735 138,684 42,756 16,239 540,616

Event Type	Occupied Square Foot-Days (thousands)										
	Hall A	Hall B	Hall C	Gateway Ballroom	East Mezzanine	West Mezzanine	Esplanade Ballroom	Hall D	Hall E	N. Mtg. Rooms	Total
Conventions	760	606	0	230	82	97	940	0	171	81	2,967
Tradeshows	5,794	3,081	5,881	1,455	658	324	1,068	2,635	812	292	22,001
Conv./Tradeshow	16,147	8,181	17,754	4,926	2,127	1,127	8,803	25,240	8,081	3,037	95,424
Consumer Shows	2,280	1,566	4,106	357	282	201	427	3,328	428	162	13,137
Other	0	0	0	0	12	0	43	0	128	49	231
TOTAL	24,980	13,433	27,741	6,968	3,162	1,749	11,282	31,204	9,620	3,621	133,761

Event Type	OCCUPANCY BY AREA-DAYS										
	Hall A	Hall B	Hall C	Gateway Ballroom	East Mezzanine	West Mezzanine	Esplanade Ballrooms	Hall D	Hall E	N. Mtg. Rooms	Total
Conventions	2%	3%	0%	2%	2%	4%	6%	0%	1%	1%	2%
Tradeshows	17%	17%	15%	16%	15%	14%	7%	5%	5%	5%	11%
Conv./Tradeshow	47%	44%	44%	53%	50%	48%	56%	50%	52%	51%	49%
Consumer Shows	7%	8%	10%	4%	7%	8%	3%	7%	3%	3%	6%
Other	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	0%
TOTAL	72%	73%	68%	75%	74%	74%	72%	62%	62%	61%	69%

Event Type	OCCUPANCY BY SPACE-WEIGHTED AREA DAYS										
	Hall A	Hall B	Hall C	Gateway Ballroom	East Mezzanine	West Mezzanine	Esplanade Ballroom	Hall D	Hall E	N. Mtg. Rooms	Total
Conventions											2%
Tradeshows											11%
Conv./Tradeshow											48%
Consumer Shows											7%
Other											0%
TOTAL											68%

Source: San Francisco Convention Facilities.

different types of events remained about the same as in the unweighted occupancy calculation.

Practical Occupancy

On a practical basis, no multi-tenant convention center can ever achieve a 100 percent occupancy level measured in space-weighted area-days. Even if one or more users were in the building every day of the year, there would still be halls or meeting rooms which are not being utilized by the current tenants. These spaces are unavailable to additional users because once lobbies, entrances and other facilities necessary for a meeting are consumed by current tenants, the remaining spaces are effectively isolated and inaccessible. The practical limit for occupancy for a major convention center with six or more flexible spaces is 70 percent. The year the expansion opened, occupancy of the Moscone Center immediately jumped to the very top of the range in practical occupancy at 68 percent.

CONCLUSION

San Francisco's primary meeting and exhibition facility, the Moscone Center, has historically enjoyed very high utilization and occupancy. As will be seen in later sections, San Francisco is an overachiever in the West Coast market in terms of attracting groups, exhibitors and delegates to the city relative to the size of the meeting spaces available. The conclusion from this section is that practically speaking, Moscone was completely full before the recent expansion, and after an incredibly short transition period, Moscone is completely full again after the expansion. Future bookings are already heavy, and the most desirable dates are already reserved past the year 2000.

Section III

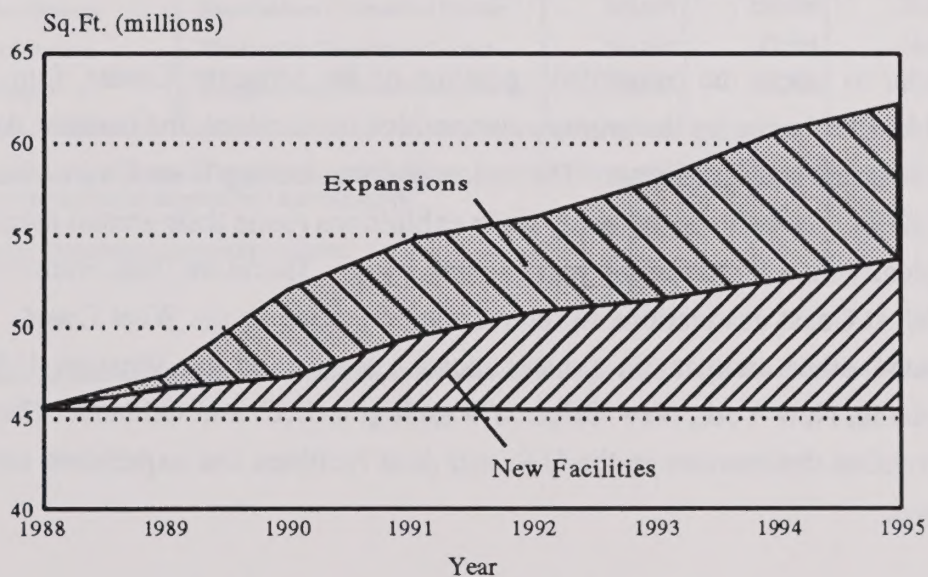
GROWTH AND CHARACTERISTICS OF COMPETING CENTERS

This section discusses the growth in supply of meeting and exhibition space and the characteristics of competing and comparable centers.

GROWTH IN THE SUPPLY OF SPACE

The supply of meeting space has grown dramatically over the last 20 years and currently there are 333 venues in the U.S. offering a minimum of 25,000 gross square feet of exhibition space. The growth in space has been particularly significant in the last 10 years with nearly every major city (and many smaller cities) building or expanding their convention centers. From 1988 to July 1993, 12.4 million square feet of exhibit space was added to the total supply of exhibit space in North America alone. This growth in supply raised the total amount of exhibit space to 57.9 million square feet (see Figure III-1 below). About half of this growth was due to new facilities and half expansions of existing centers.

Figure III-1
Total Exhibit Space
U.S. and Canada



Note: Excludes meeting space with additional 13.8 million sq.ft.

Source: Tradeshow Week

In contrast, the recent Moscone expansion added 182,000 square feet of exhibition space or only 1.5 percent of all new exhibit space during this period. The vast majority (79%) of all North American exhibition space is located in U.S. exhibit halls and convention centers as opposed to hotels or locations in Canada. In addition to exhibition space, these venues have a total of 13.8 million square feet of meeting space.

As of July 1993, 22 venues were undergoing expansion and 16 new venues were under construction. The most notable of these was the Los Angeles Convention Center which completed its expansion in November 1993. Expansions plans at numerous venues are in various stages of development. By the end of 1995, North American cities are expected to add an additional 4.1 million square feet of exhibit space.

The latest expansion of the Moscone Center moved the center into 18th place in terms of size of exhibit space. By the end of 1994, Moscone will move down to 20th place being overtaken by Los Angeles and Kansas City. By the year 2000, (including only currently known expansions plans with financing), Moscone Center will be 24th in size being overtaken by Orlando, San Diego, Washington DC and Atlantic City. In the interim, centers already larger than Moscone will be expanding even further including Chicago, Dallas, New Orleans and Louisville. Anaheim and Atlanta have intentions of expanding but no firm commitments to date.

GROWTH IN COMPETITIVE CENTERS

In order to assess the competitive position of the Moscone Center, four West Coast cities were identified as being the primary competitive destinations and centers: Anaheim, Las Vegas, Los Angeles and San Diego. The rationale for selecting West Coast cities is that the majority of major conventions and many trade exhibitions rotate their annual meetings around the U.S. typically on a three to four year rotation cycle. Therefore, San Francisco competes with other West Coast destinations for conventions rotating to the West Coast. In addition, ERA evaluated other comparable centers located outside of the Western U.S. including Chicago, Atlanta, New York, New Orleans, Washington D.C. and Orlando. These cities are the top convention destinations in the U.S. and their facilities and experience are relevant to San Francisco.

The current exhibition, meeting and ballroom space in the eleven competitive and comparable convention centers is noted below in Table III-1. The Moscone Center is the eighth largest center in terms of exhibition space with 5.9 percent of total exhibit space. With swing spaces and Hall E configured for meetings, the Moscone Center is third largest in terms of meeting room space available.

Table III-1

**SUMMARY OF CURRENT SPACE IN COMPETING/COMPARABLE
CONVENTION CENTERS**

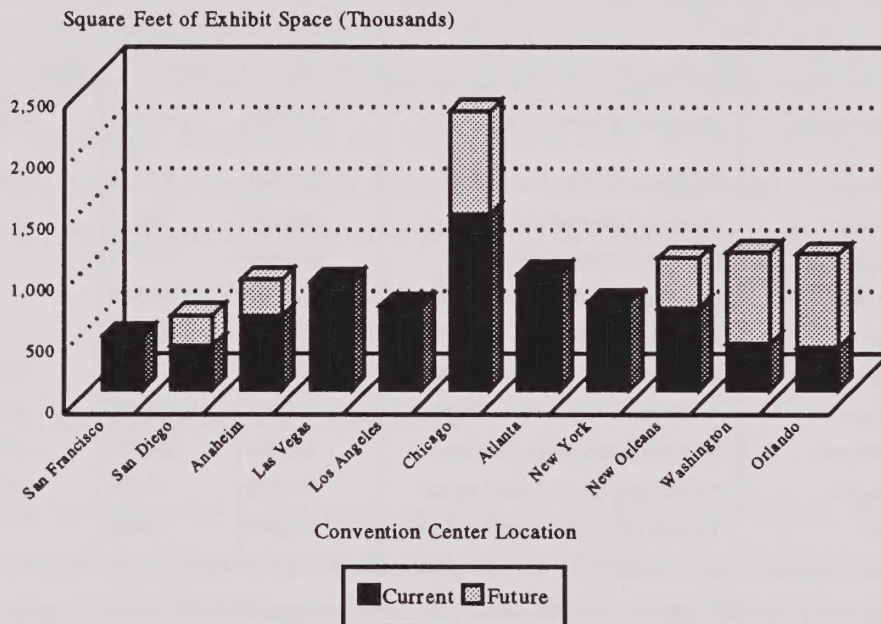
City	Convention Center	Current Square Footage ¹		
		Exhibit	Meeting Rooms	Ballroom
San Francisco	Moscone Convention Center	442,000	149,693	68,260
San Diego	San Diego Convention Center	254,000	97,746	40,592
Anaheim	Anaheim Convention Center	600,000	76,075	0
Las Vegas	Las Vegas Convention Center	882,000	142,939	0
Los Angeles	Los Angeles Convention Center	686,000	146,249	0
Chicago	McCormick Place	1,438,500	143,846	0
Atlanta	Georgia World Congress Center	948,000	226,000	32,000
New York	Jacob Javits Convention Center	715,000	121,548	30,000
New Orleans	New Orleans Convention Center	668,000	236,804	65,901
Washington	Washington Convention Center	381,000	47,534	26,000
Orlando	Orange County Convention Center	350,000	65,813	0

¹ Space shown is maximum possible for each category. In many centers, exhibit areas and ballrooms may also be configured as additional meeting space.

Source: Convention Centers listed above.

Tables III-2 to III-4 indicate the expected expansions in exhibition, meeting and ballroom space respectively. Four of the competitive and comparable centers are either under construction or have completed extensive planning for expansions. Three other centers have expansion plans that are expected to be completed by the year 2000. Assuming all of these expansions occur, the Moscone Center will be the smallest convention center of the competitive and comparable centers comprising only 4.1 percent of the total exhibit space. The total amount of current and future exhibit space is shown in Figure III-2.

Figure III-2
Comparable/Competitive Convention Centers
Current and Future Exhibit Space



Source: Economics Research Associates 3/94

Table III-2

EXHIBIT SPACE EXPANSIONS AT COMPETING/COMPARABLE CONVENTION CENTERS

City	Convention Center	Square Feet of Exhibit Space				
		Current	Under Construction	Planned	Proposed	Future Total
San Francisco	Moscone Convention Center	442,000	0	0	0	442,000
San Diego	San Diego Convention Center ¹	354,000	0	254,000	0	608,000
Anaheim	Anaheim Convention Center	600,000	0	0	300K - 350K	900K - 950K
Las Vegas	Las Vegas Convention Center	882,000	0	0	0	882,000
Los Angeles	Los Angeles Convention Center	686,000	0	0	0	686,000
Chicago	McCormick Place	1,438,500	840,000	0	0	2,278,500
Atlanta	Georgia World Congress Center	948,000	0	0	Yes-sq.ft. NA	> 948,000
New York	Jacob Javits Convention Center	715,000	0	0	0	715,000
New Orleans	New Orleans Convention Center	668,000	0	411,000	0	1,079,000
Washington, DC	Washington Convention Center ²	381,000	0	0	750K - 1M	750K - 1M
Orlando	Orange County Convention Center	350,000	0	759,600	0	1,109,600

Table III-3

MEETING ROOM SPACE EXPANSIONS AT COMPETING/COMPARABLE CONVENTION CENTERS

City	Convention Center	Square Feet of Meeting Room Space				
		Current	Under Construction	Planned	Proposed	Future Total
San Francisco	Moscone Convention Center	149,693	0	0	0	149,693
San Diego	San Diego Convention Center	97,746	0	Possibly	0	97,746
Anaheim	Anaheim Convention Center	76,075	0	0	150,000	226,075
Las Vegas	Las Vegas Convention Center	142,939	0	0	0	142,939
Los Angeles	Los Angeles Convention Center	146,249	0	0	0	146,249
Chicago	McCormick Place	143,846	173,000	0	0	316,846
Atlanta	Georgia World Congress Center	226,000	0	0	Yes-sq.ft. NA	226,000
New York	Jacob Javits Convention Center	121,548	0	0	0	121,548
New Orleans	New Orleans Convention Center	236,804	0	175,000	0	411,804
Washington, DC	Washington Convention Center ²	47,534	0	0	150,000	150,000
Orlando	Orange County Convention Center	65,813	0	282,769	0	348,582

Table III-4

BALLROOM SPACE EXPANSIONS AT COMPETING/COMPARABLE CONVENTION CENTERS

City	Convention Center	Square Feet of Ballroom Space				
		Current	Under Construction	Planned	Proposed	Future Total
San Francisco	Moscone Convention Center	68,260	0	0	0	68,260
San Diego	San Diego Convention Center	40,592	0	Possibly	0	40,592
Anaheim	Anaheim Convention Center	0	0	0	Yes-sq.ft. NA	NA
Las Vegas	Las Vegas Convention Center	0	0	0	0	0
Los Angeles	Los Angeles Convention Center	0	0	0	0	0
Chicago	McCormick Place	0	54,000	0	0	54,000
Atlanta	Georgia World Congress Center	32,000	0	0	Yes-sq.ft. NA	32,000
New York	Jacob Javits Convention Center	30,000	0	0	0	30,000
New Orleans	New Orleans Convention Center	65,901	0	40,000	0	105,901
Washington, DC	Washington Convention Center ²	26,000	0	0	108,000	108,000
Orlando	Orange County Convention Center	0	0	0	0	0

¹ Exhibit space include 100,000 square-foot special events area.² Current proposal includes demolition of existing center.Source: Convention centers listed above and *Washington Post*.

Details of Expansion Plans

The San Diego Convention Center

The City of San Diego recently approved half the funding for a \$140 million expansion program. The Port of San Diego is expected to approve the second half of the funding shortly. The expansion is expected to include 254,000 square feet of exhibit space and additional meeting and ballroom space. The expansion will be contiguous to the existing center with the main exhibit hall at grade. The expansion will increase the total amount of exhibit space to 600,000 square feet and is scheduled to be completed in by 1998.

McCormick Place, Chicago

McCormick place is the largest convention center in North America and scheduled for a major expansion adding 840,000 square feet of prime exhibit space. McCormick Place is an example of a split facility with the north and east halls separated by Lake Shore Drive. The new South Hall was designed to be directly connected and level to the North Hall with only a short concourse between the two. In addition to McCormick Place, a new exhibition facility is expected to open in 1994 called the Navy Pier. The Navy Pier is located at the hub of the business district and includes 170,000 square feet of exhibit space, 65,000 square feet of meeting space, grand ballroom, children's museum, restaurants, retail shops, and amusement park.

New Orleans Convention Center

New Orleans is planning a major expansion of the convention center adding 411,000 square feet of exhibition space, 175,000 square feet of meeting space and a 40,000 square foot ballroom. This will give New Orleans 1.1 million square feet of exhibition space in 11 halls all on one level and under one roof.

Orange County Convention Center, Orlando

Orange County is planning a major expansion of the convention center adding 759,600 square feet of exhibition space and 282,800 square feet of meeting space. The expansions

are contiguous with the existing space. The expansion will be phased with the first phase completed by January 1996 and the second phase by January 1998.

Washington Convention Center, Washington D.C.

The District of Columbia is planning to build a new \$425 million convention center approximately one block away from the existing center. The new convention center is expected to have 750,000 to 1.0 million square feet of exhibition space, 150,000 square feet of meeting space and several ballrooms. The existing center is constrained on all sides and cannot be easily expanded. The existing center is expected to be demolished and the site reused.

OTHER FACILITIES IN COMPETITIVE MARKETS

Two other types of facilities are worth describing in competitive markets, additional exhibit halls and the inventory of hotel rooms.

Stand Alone Exhibit Venues in Cities with Major Convention Centers

Every competitive and comparable city has at least one separate stand alone exhibit venue such as the Bill Graham Civic/Brooks Hall and the Concourse in San Francisco (see Table III-5). These stand alone facilities are typically major convention hotels or exhibition halls with little meeting space. San Francisco does not have a major convention hotel with 50,000 square feet or more of prime exhibit space. Several cities have stand alone convention hall facilities including San Francisco (Civic/Brooks). A few cities have merchandise marts.

Hotel Inventory

An indication of hotel availability in competitive and comparable cities is presented in Table III-6. In some cases, only total hotel inventories were available. Better indicators describe hotel locations in terms of proximity to the primary convention center, and estimate the number of rooms which can be committed in advance for convention business.

Table III-5

**MAJOR STAND ALONE EXHIBIT FACILITIES IN COMPARABLE/
COMPETITIVE CITIES**

(Facilities with 50,000 square feet or more of prime exhibit space)¹

City	Total Facilities	Facilities By Size		Facilities By Type			
		50,000 to 100,000 sf	100,00+ sf	Convention Hall	Exposition Hall	Convention Hotel	Merchandise Mart
San Francisco ²	5	2	3	1	3	0	1
San Diego	1	1	0	1	0	0	0
Anaheim	1	1	0	0	0	1	0
Las Vegas	8	5	3	1	1	6	0
Los Angeles	1	1	0	0	1	0	0
Chicago	4	1	3	2	0	1	1
Atlanta	5	1	4	2	1	1	1
New York	2	1	1	0	1	1	0
New Orleans	2	1	1	1	1	0	0
Washington D.C.	2	1	1	0	1	1	0
Orlando	4	4	0	0	1	3	0

¹ Excludes Arenas

² Includes Civic/Brooks Hall, Concourse, Fashion Center, Cow Palace, and Fort Mason Center.

Source: Tradeshow Week and Convention Bureaus

Table III-6

COMMITTABLE SLEEPING ROOMS AT HOTELS AROUND/NEAR CONVENTION CENTERS

Convention Center	Number of Committable Sleeping Rooms	Criteria
San Francisco	12,000 - 13,000 16,000 29,000 25,000	Practical maximum number of rooms committed to a city-wide convention. Committable rooms in San Francisco. Total number of rooms in hotels and motels in San Francisco. Committable rooms for special events (e.g. Superbowl) including rooms in hotels in Mateo County.
Anaheim	14,500 36,500	Committable rooms in hotels in Anaheim city (within a 2-mile radius of center). Committable rooms in hotels within Orange County (within a 25 mile radius of center).
Las Vegas	87,000	Committable rooms in hotels and motels located along the strip, including those on the state line).
San Diego	5,500 28,000	Committable rooms in downtown San Diego hotels. Committable rooms in hotels located downtown and all over San Diego county, including Mission Valley.
Los Angeles	4,490 90,000	Committable rooms in hotels within 8 blocks or one-third of a mile from center. Approximate total number of hotels and motel rooms in L.A. County.
New York	18,000	Committable rooms in all major hotels in NYC area (5 boroughs).
Washington, D.C.	3,425 20,800	Committable rooms in hotels within a 10 to 15 minute walk from center. Committable rooms in downtown hotels (within a 10-mile radius of the center).
Chicago	26,000 36,000	Committable rooms in downtown hotels (within a 10-mile radius of center). Committable rooms in hotels located downtown and in O'Hare.
New Orleans	10,000 16,000 - 18,000	Committable rooms in hotels located downtown (within three-fourths of a mile from center). Committable rooms in hotels located downtown and in the greater New Orleans area.
Atlanta	12,000	Committable rooms in hotels located within the 285 highway perimeter of Atlanta.

Source: ERA Survey of Convention and Visitors Bureaus, February, 1994.

CONCLUSIONS ON COMPETITIVE SUPPLY

The major meetings market continues to be very competitive. San Francisco is only one of many attractive locations large groups have to choose from.

- In the last 5 years, total exhibit space in North America grew by over 27 percent (12.4 million square feet).
- Tremendous building of new and expanded convention centers is still occurring.
- San Francisco's Moscone Center is one of the most significant venues in North America, but in spite of the recent expansion it will drop from 18th largest to 20th place in exhibit space by the end of 1994, and to 24th place by the year 2000.
- Among the five primary West Coast competitors, San Francisco is currently 4th largest, after Las Vegas, Los Angeles and Anaheim. San Diego is smallest.
- Los Angeles just completed an expansion. San Diego is planning a significant expansion which would drop San Francisco into 5th place. An expansion is proposed to Anaheim.
- Expansions are also planned in attractive locations elsewhere, such as in Orlando and New Orleans.

Section IV

THE MEETINGS INDUSTRY AND THE COMPETITIVE POSITION OF SAN FRANCISCO

This section presents an analysis of the meetings industry and San Francisco's competitive position. The meetings industry analysis is focused on the major annual conventions which are only a small portion of the total meetings industry. This is an appropriate reference frame for the Moscone Center since all users of Moscone are major meetings. In addition, San Francisco's position in the market place is evaluated using data from Economics Research Associates' proprietary study, METROPOLL which is based on surveys of planners of the largest meetings in North America.

EVALUATION OF THE MAJOR CONVENTIONS INDUSTRY

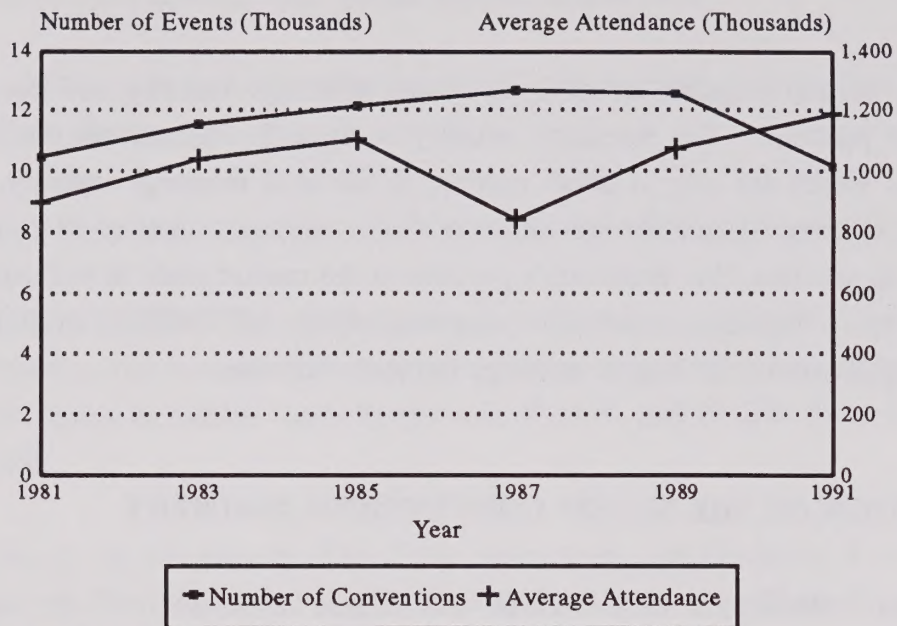
Major conventions only include the largest meetings held by association or corporations. This analysis is based on research conducted by Meetings and Conventions magazine, one of the leading meeting industry publications, on a biennial basis. The Meetings and Convention research provides a comprehensive census of the meetings industry. It does not include pure trade shows or consumer-oriented shows.

Size of the Major Meetings Industry

Figure IV-1 illustrates the number and average attendance at major conventions in North America. In 1991 there was a total of 10,200 major association conventions in North America. The number of major events increased steadily from 1981 to 1989 but decreased in 1991 due to the economic recession. Attendance at major conventions has generally increased and in 1991 was estimated at 1,200 attendees per convention. The historic pattern of major meetings has flattened in terms of number of meetings yet continues to experience a slightly rising average attendance.

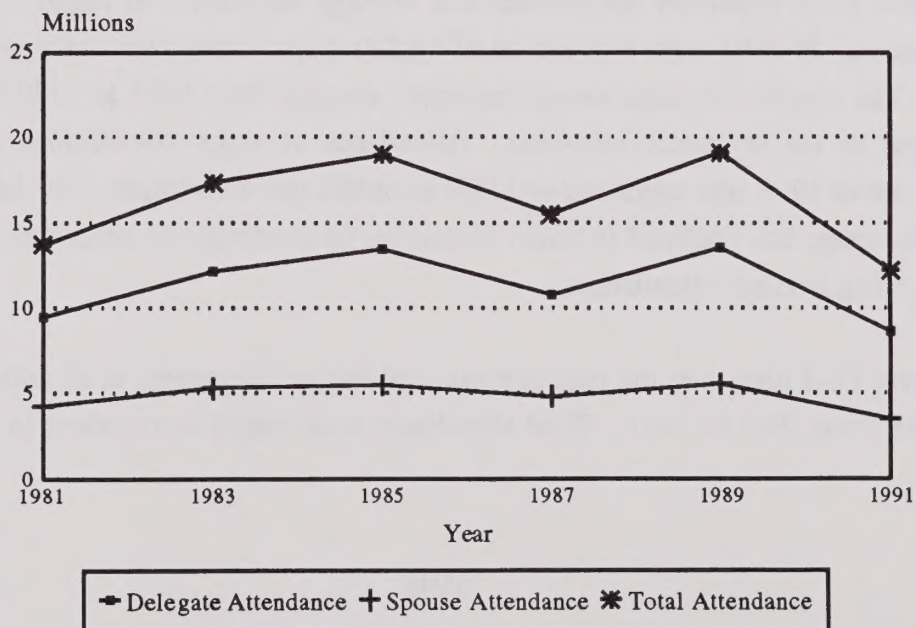
Figure IV-2 illustrates the total delegate and spouse attendance at all major association conventions from 1981 to 1991. Total attendance at all major conventions in 1991 was

Figure IV-1
Association Major Conventions:
 Number of Events and Average Attendance



Source: The Meetings Market, 1981 - 1991

Figure IV-2
Association Major Conventions:
 Delegate, Spouse, and Total Attendance



Source: The Meetings Market, 1981 - 1991.

estimated at 12.5 million persons of which 9.0 million are delegates and 3.5 million are spouses. Total attendance has generally stayed level over the last decade decreasing in 1991 as a result of the economic recession.

Figure IV-3 illustrates the month of the last major convention in 1991. There are clear peaks of convention activity in spring and fall, particularly April to June and October. Conventions do not meet as often in the Summer months and in December due to school holidays.

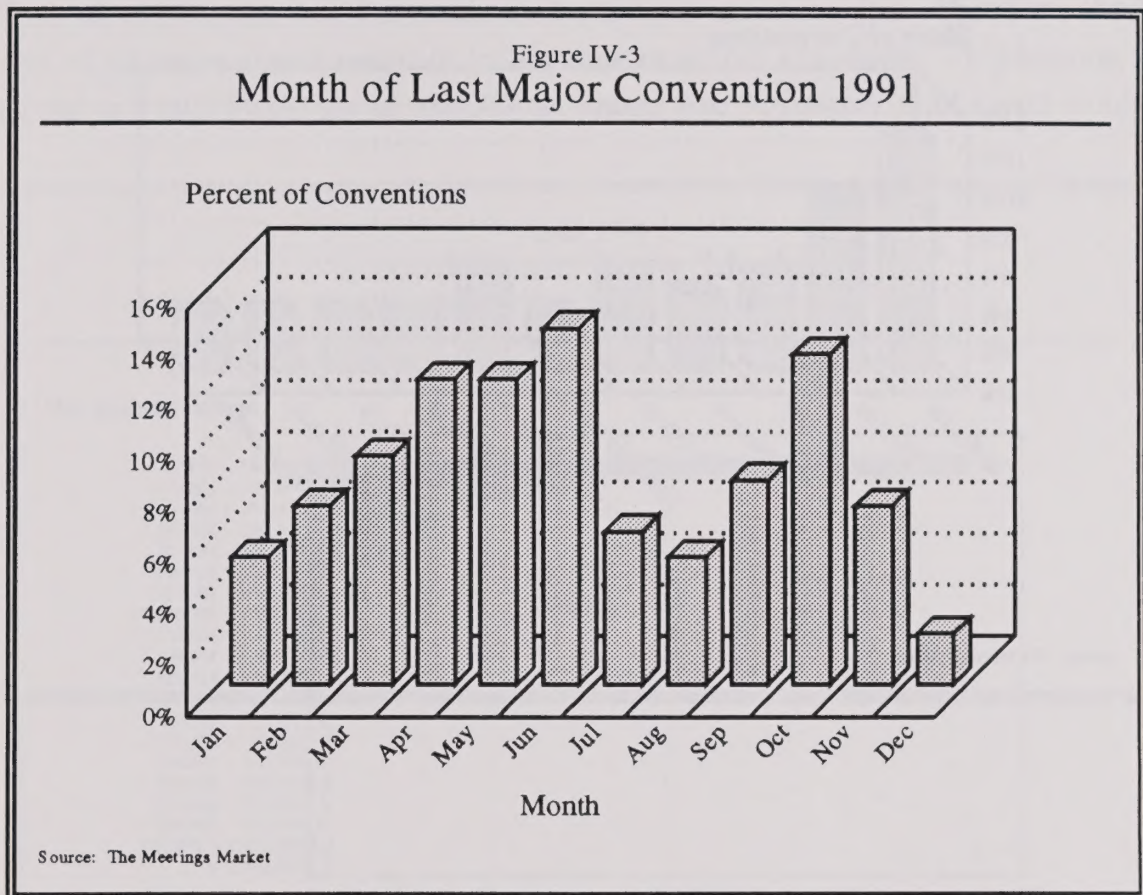
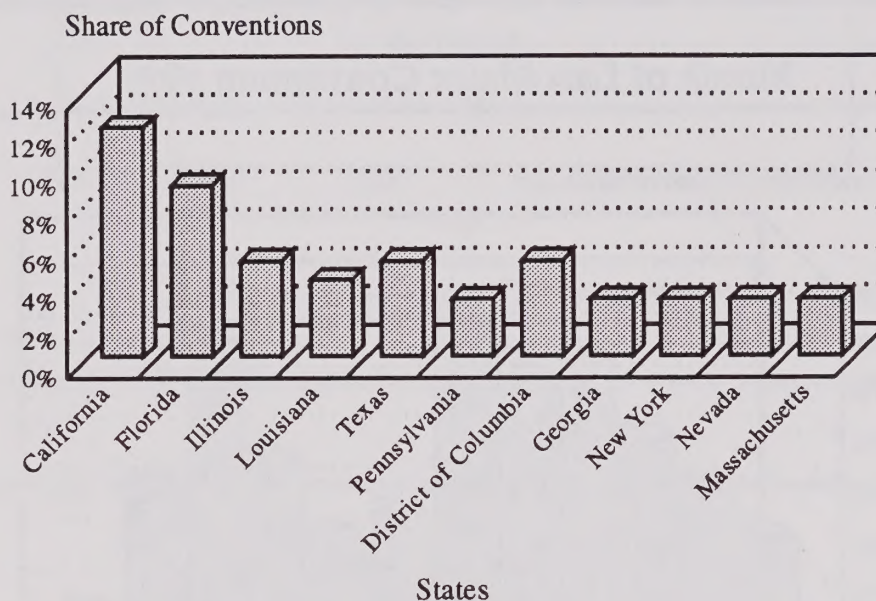


Figure IV-4 indicates the leading states for major conventions in North America. It is not surprising that California the largest state (in terms of population and economic activity) is the leading state in major convention activity. Florida is the second leading state followed by Illinois, Texas and the District of Columbia.

Figure IV-4
Leading States Selected for
Association Major Conventions 1991

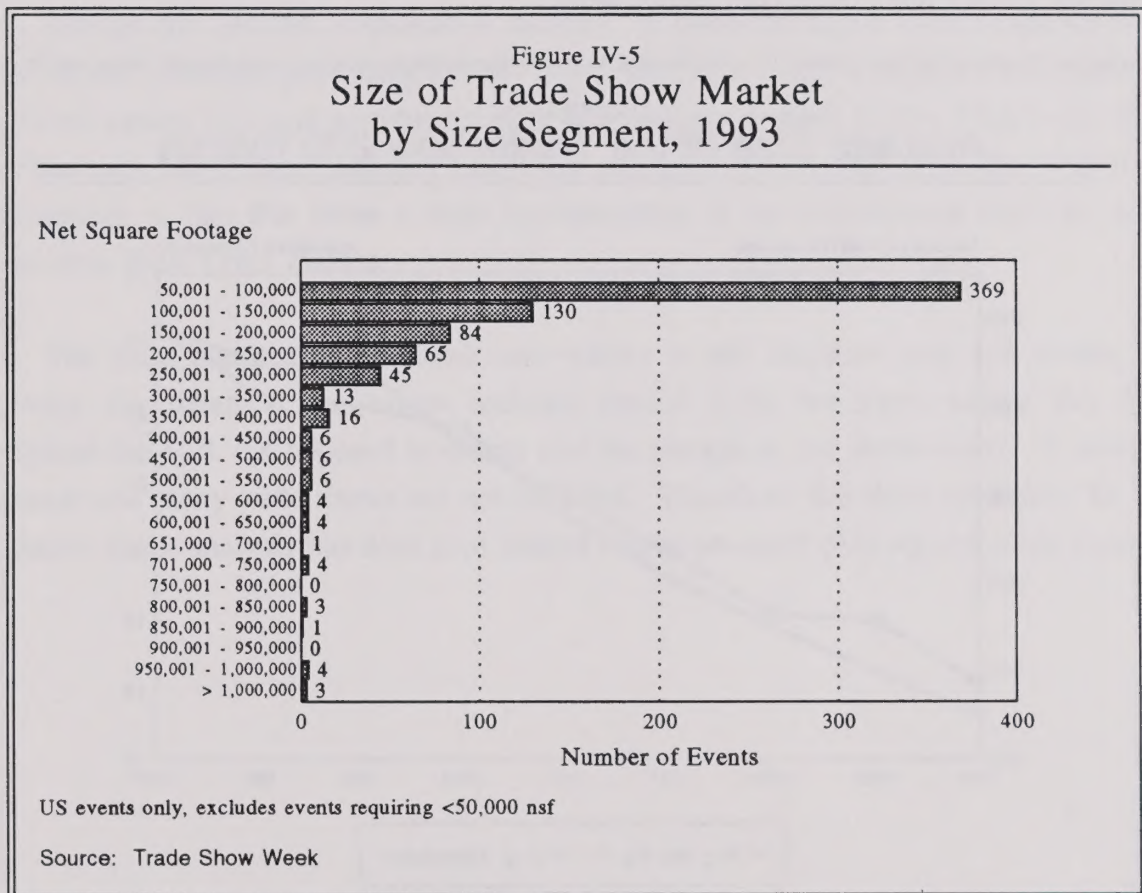


Source: The Meetings Market

Characteristics of the Major Convention Industry

Size of Conventions and Trade Shows

Figure IV-5 shows the distribution of major conventions and trade shows by size of net square feet of exhibit space required for meetings requiring 50,000 net square feet or more. This is not a complete census of all events but a representative sample of 764 major meetings, trade shows and consumer shows in the U.S. The graphic shows a clear pyramid with the number of meetings and trade shows dropping rapidly as the size increases. Events utilizing all of Moscone would at maximum be 250,000 net square feet. Therefore, about 85 percent of all major events would fit in Moscone or all but 116 events. If Moscone were expanded to a total maximum of 350,000 net square feet, 92 percent of all events would fit.

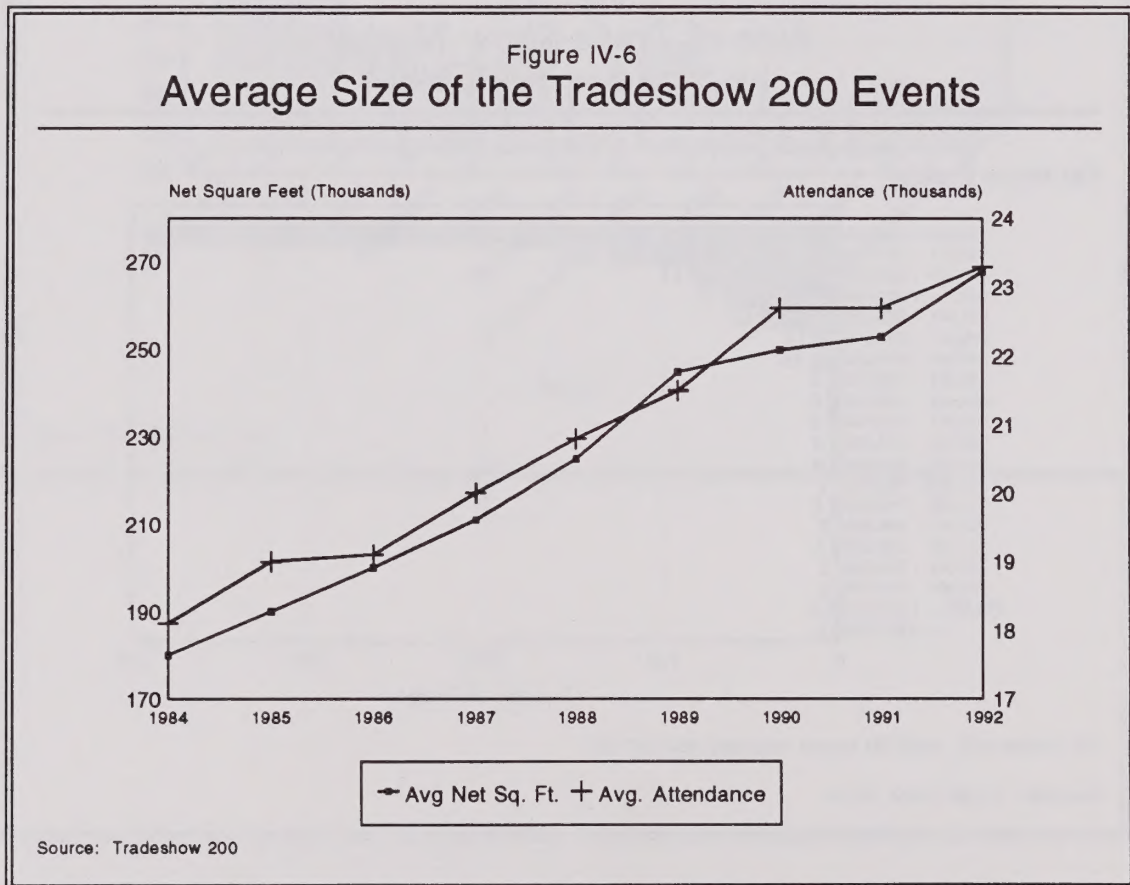


There are 71 meetings and trade shows requiring in excess of 300,000 net square feet of exhibit space. These events tend to spread out over a wide range of sizes and therefore, there is little gain from incremental expansion above this level. Over time, however,

distribution of exhibit space will continue to push upward as these meetings continue to expand. Therefore, in the future, incremental expansion will be required to maintain pace with the market.

Tradeshow 200 Trends

The Tradeshow 200 represents the 200 largest trade shows in the U.S. in terms of exhibition space requirements. The average Tradeshow 200 event in 1992 required about 260,000 net square feet of exhibit space (or slightly more than all of Moscone Center) and had an average attendance of 23,500 persons. Figure IV-6 shows the growth trend in average exhibit space and attendance for these largest meetings. Both trends show consistent and strong growth since 1984. The compounded growth rates in terms of exhibit space and attendance are 4.7 and 3.2 percent respectively.



It is interesting to note that while the major meeting industry as a whole has been fairly flat, the largest trade shows have shown consistent growth. This observation is

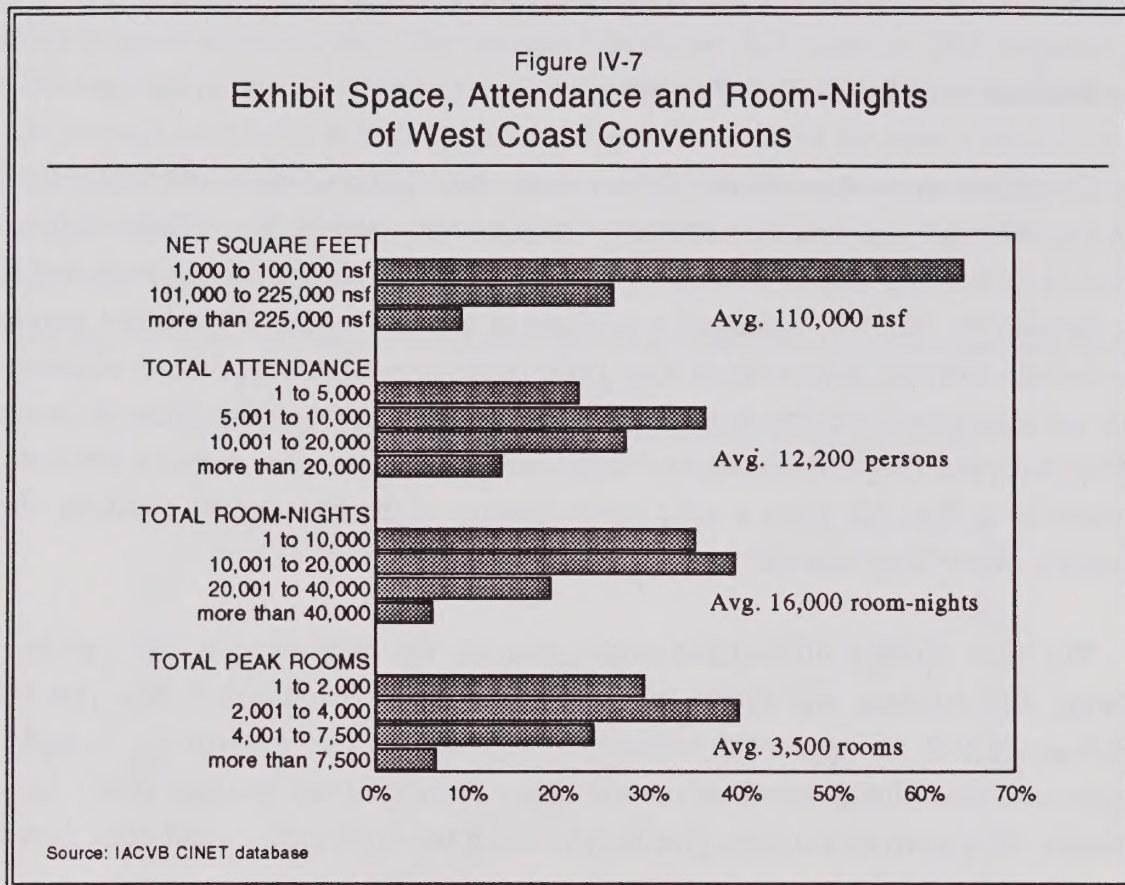
consistent with industry interviews of consolidation that indicated the larger, more successful events continue to grow while smaller events in stable industries are declining or being eliminated. It is also interesting to note that even among successful events, the exhibit space requirements have grown faster than attendance. Companies continue to find trade shows to be a good marketing tool since their qualified customers are all in one location. Therefore, the number of companies, size of booths and quality of presentation continue to increase. Presentation technology in particular is becoming more critical.

Evaluation of the IACVB Database

The International Association of Convention and Visitors Bureau (IACVB) maintains a data base of major conventions and their historic meeting performance. These records are maintained by Bureaus around the country in order to qualify conventions in preparing bids. ERA, through the SFCVB, requested a database of qualified major West Coast meetings. These include meetings generating at least 1,000 peak room-nights, requiring a minimum of 50,000 net square feet, and who have met or are planning to meet in five West Coast cities: San Francisco, San Diego, Anaheim, Las Vegas and Los Angeles. The rationale for choosing this database is that this gives a solid representation of the conventions available to the competitive West Coast market.

The total number of qualified conventions in the database was 196 events. In reviewing this database, the events included tended to be the larger events that rotate throughout the U.S. (as opposed to events that are always at one destination). In addition, consumer and many trade shows are not included. Therefore, this database cannot be used for market share analysis but does give insight into room-night pick-up and other factors.

Figure IV-7 shows the distribution of exhibit space, total rooms used, total attendance and peak room pick-up from the IACVB database. Some 91 percent of all events use 221,000 or less net square feet of meeting space and would therefore fit in Moscone. In terms of gross square feet (not shown) 85 percent would fit in Moscone which is consistent with the Tradeshaw Week Data Book analysis discussed above. The average attendance at



these events is 12,200 with one in four events generating 15,000 or more attendees. Even more important than attendance is room-nights which is the major source of economic impact and tax revenue to a city. The average number of room nights for these major convention is 16,000. The distribution of total rooms used indicates nearly one in four major conventions generates more than 20,000 room nights. The large number of room-nights from a single event indicates the value of this industry and the impact of singular events. The average event uses 3,500 rooms on the peak night.

Figure IV-8 shows the distribution of requirements for breakout meeting rooms, largest meeting and largest meal served. The average meeting requires 23 meeting rooms although there is a wide distribution of meeting room requirements. Some meetings require a significant number of meeting rooms while some require very few. The largest meeting or general session requires seating for an average of 2,200 persons. Planners typically like general sessions to be in carpeted ballrooms with the latest audio-visual facilities. The average largest meal is 1,460 persons however there is a large variation in the meal requirements.

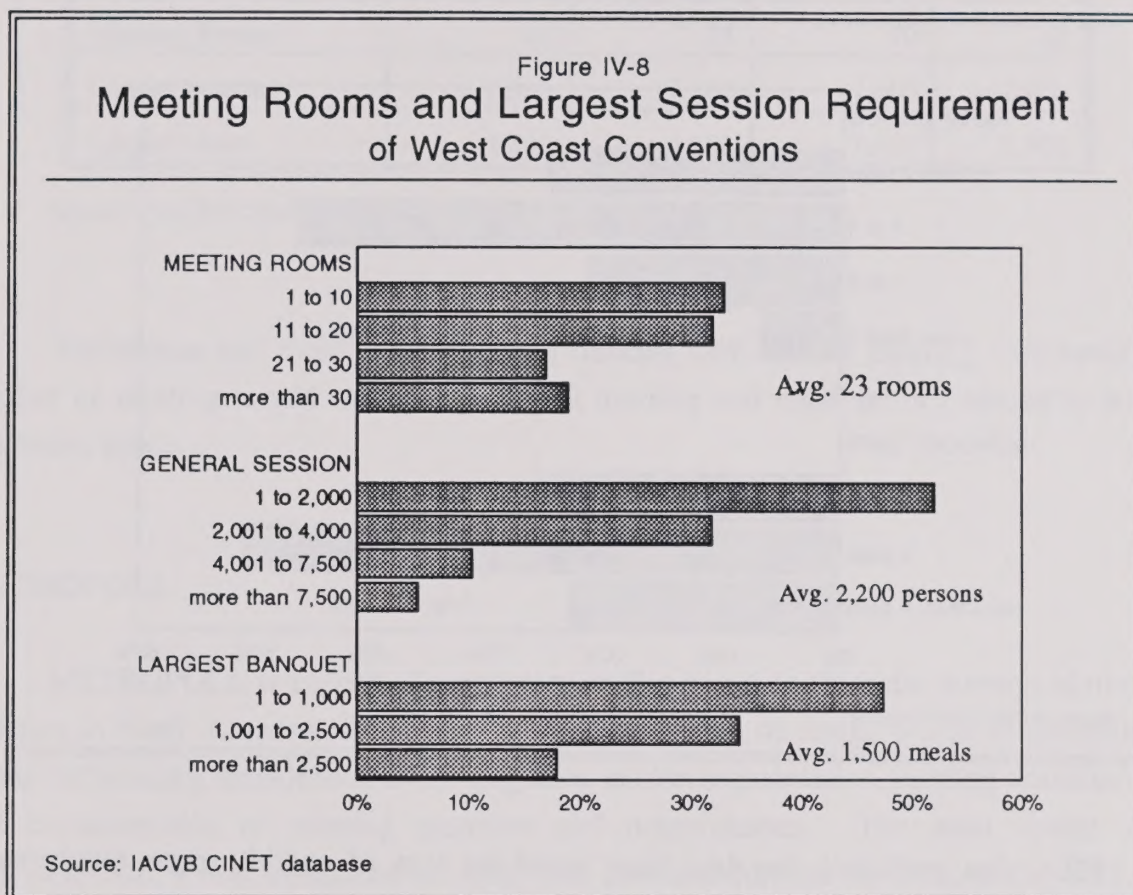
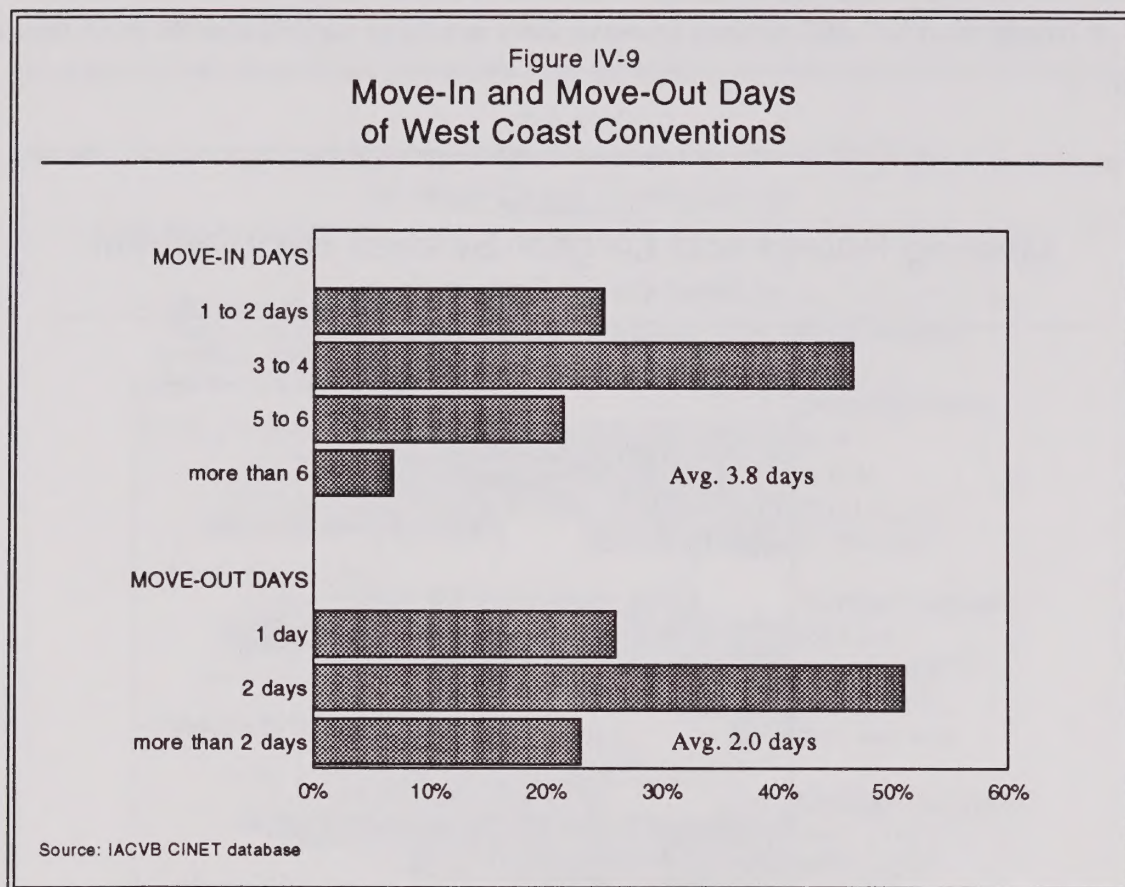


Figure IV-9 shows the distribution of move in and move out days for major conventions. The typical convention requires a three to four day move-in and two days to move-out. The time necessary to move-in and out is critical since this is essentially down-time for the convention hotels and related services.



ERA also evaluated the data base based on size of exhibit space requirements measured in terms of net square feet (nsf). These requirements are noted for groups using half or less of Moscone (less than 100,000 nsf), full Moscone users (101,000 to 260,000 nsf) and groups too big for Moscone (more than 260,000 nsf). The sample size of those requiring over 260,000 nsf is fairly small and therefore, should be considered indicative only.

Characteristic	Average By Size of Exhibition Space			
	Less than 100,000 nsf	101,000 to 260,000 nsf	Over 260,000 nsf	Total Sample
Total Attendance	8,700	15,300	37,700	12,200
Registered Attendance	8,000	14,900	37,500	11,600
Total Room-Nights	13,300	17,900	36,900	16,000
Peak Room-Nights	2,900	4,000	7,800	3,500
Meeting Rooms	23	25	19	23
Largest Meeting	2,300	2,100	1,600	2,200
Largest Meal	1,500	1,500	1,600	1,500

Source: IACVB CINET database.

Attendance and room-nights increase directly with size of meeting. However, the number of meeting rooms and size of largest meeting and meal are not related to size of exhibition space.

METROPOLL

METROPOLL is a series of proprietary studies based on extensive surveys of meeting planners in North America. METROPOLL generates data on image profile of destinations, factors influencing the selection of meeting sites, market segmentation, meeting characteristics and characteristics of meeting planners and organizations. The most recent study METROPOLL V was completed in 1993 with previous editions in 1983, 1986, 1989, and 1991. Meeting planners are pre-qualified for planning the largest association and corporate conventions in North America with the average convention having 2,100 delegates.

Past Experience and Future Intentions with San Francisco

Meeting planners were asked of their past experience and future intentions for meeting destinations. San Francisco is one of the top destinations in terms of past visitation, past meeting location and intended future meeting as shown below.

	Percent Indicating	Rank Relative to National Destinations	Cities Outranking San Francisco
Visited or Familiar with San Francisco	78%	2	Washington DC
Held Meeting in SF in Last Three Years	26%	4	Washington DC, Orlando, New Orleans, Chicago (tied)
Intend to Hold Meeting Next Three Years	20%	4	Chicago, Washington DC, Orlando

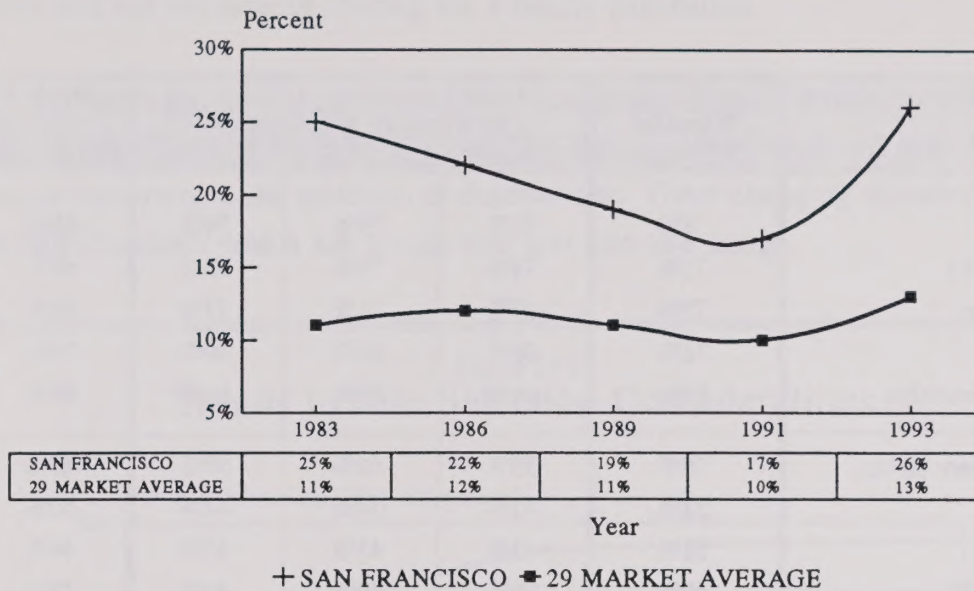
Source: Metropoll V

Figures IV-10 and IV-11 show trends in meeting incidence in San Francisco from 1983 to 1993 for associations and corporations respectively. Association meetings showed a steady decline in incidence from 1983 to 1991 as the Moscone Center became more under sized relative to the market. The recent expansion of Moscone Center resulted in a dramatic increase in meeting incidence.

Factors Underlying the Selection of a Convention Site

Meeting planners indicated the importance of 21 attributes in the selection of a site for a major convention. Table IV-1 shows the percent indicating each attribute as very important in the selection process. Costs and air service are some of the top considerations. The sample was cross-tabulated by size of meeting and average hotel rate paid for convention stays. Larger conventions are more interested in hotel availability, air service and the

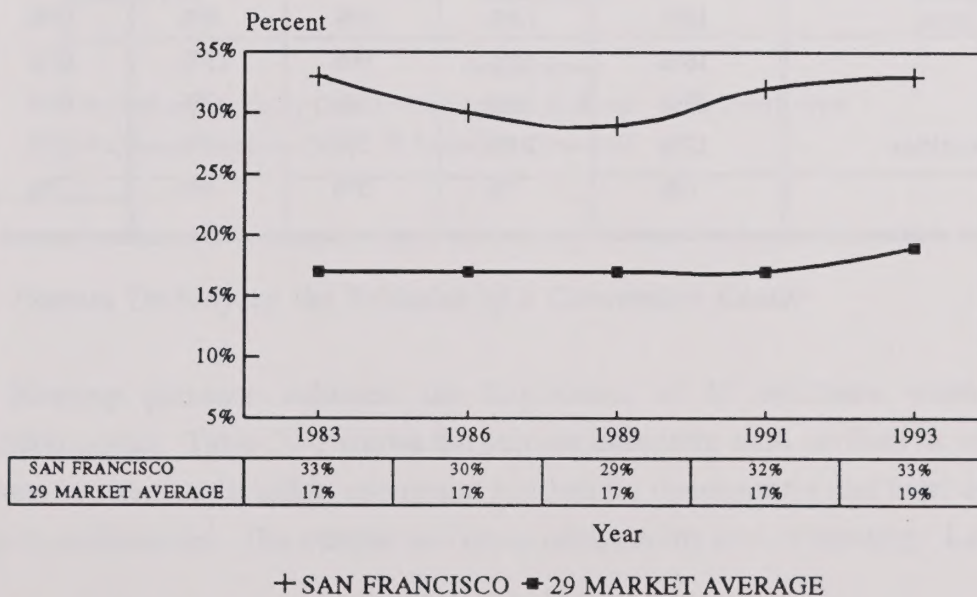
Figure IV-10
Trends in Association Meeting Incidence
in San Francisco in the Past 3 Years



Based on meetings of 300 delegates or more

Source: Metropoll I-V

Figure IV-11
Trends in Corporate Meeting Incidence
in San Francisco in the Past 3 Years



Based on meetings of 300 delegates or more

Source: Metropoll I-V

Table IV-1

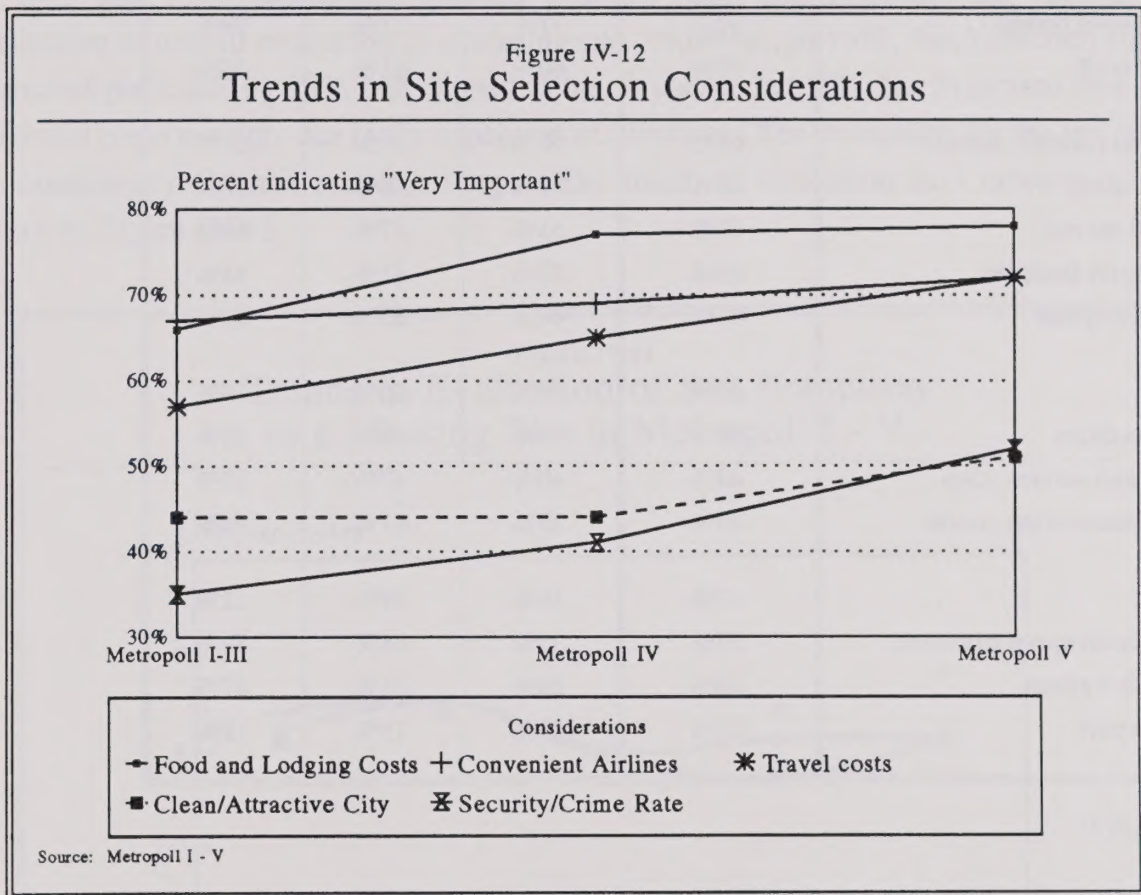
VERY IMPORTANT CONSIDERATIONS IN THE SELECTION OF A CONVENTION SITE

Considerations Rated "Very Important"	Percent Indicating	by Meeting Attendance			by Average Hotel Room Rate	
		300-999	1,000-1,999	2,000+	\$75 or Less	Over \$100
Food and lodging costs	78%	81%	79%	74%	85%	74%
Easy for delegates to get to	72%	74%	75%	73%	68%	77%
Convenient airline service	72%	67%	71%	73%	63%	78%
Travel costs	72%	66%	66%	59%	74%	67%
Number of hotel rooms available	67%	66%	84%	84%	63%	76%
Attractiveness of conference hotels	58%	59%	66%	59%	45%	67%
Security/crime rate	52%	41%	34%	42%	50%	50%
Clean/attractive city	51%	43%	45%	45%	44%	53%
Popularity of city	40%	36%	39%	42%	32%	48%
Good restaurants	35%	35%	31%	34%	33%	38%
Attractiveness of convention center	32%	26%	30%	41%	45%	34%
Support of local Convention Bureau	32%	---	---	---	---	---
Local transportation	31%	21%	21%	23%	34%	26%
Climate	28%	23%	21%	24%	23%	35%
Friendly residents	22%	17%	18%	15%	22%	20%
Good place to take family	18%	15%	18%	13%	24%	12%
Different/unique type of place	18%	12%	14%	9%	15%	20%
Sightseeing	16%	13%	9%	13%	18%	16%
Good shopping	13%	12%	11%	7%	14%	13%
Pre- and post-tour opportunities	13%	10%	5%	9%	13%	11%
Nightlife	8%	7%	5%	8%	7%	8%

Source: Metropoll V

attractiveness of the convention center and are somewhat less cost conscious. Planners of meetings paying higher hotel rates are more interested in air service, attractiveness of conference hotels, popularity and attractiveness of the city and climate. They are less cost conscious and not necessarily looking for a family destination.

Over the years, several attributes have become significantly more important to meeting planners as shown in Figure IV-12. Costs, air service, cleanliness and security have been much more important to the selection of destinations. These changing attitudes tend to work against San Francisco which has a high cost and less safe image.



Factors Underlying the Selection of a Convention Center

Meeting planners indicated the importance of 17 attributes when assessing a convention center. Table IV-2 shows the percent indicating each attribute as very important. Adequate convention facilities, competent and helpful management and hotel availability are the top considerations. The sample was cross-tabulated by size of meeting. Larger meetings

Table IV-2

VERY IMPORTANT CONSIDERATIONS WHEN ASSESSING A CONVENTION CENTER

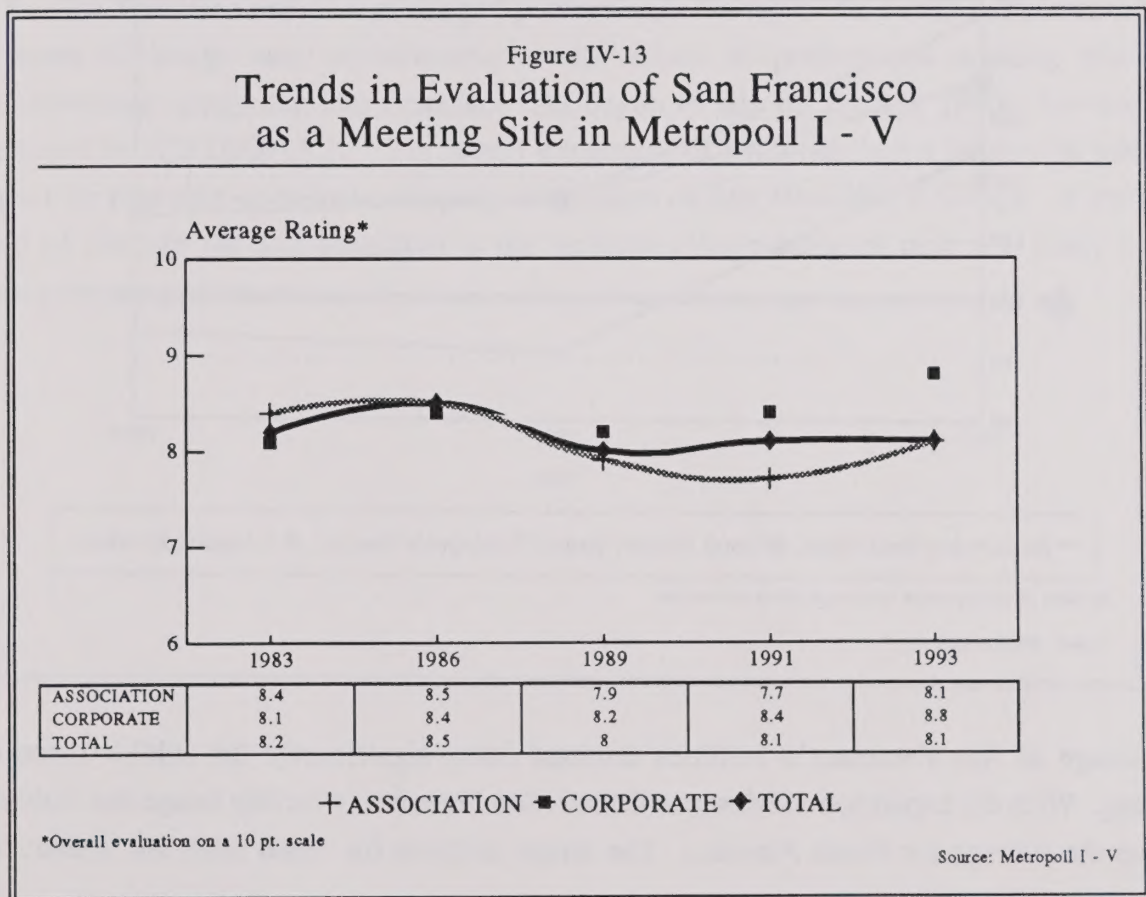
Considerations Rated "Very Important"	Total Percent Indicating	by Meeting Attendance		
		300-999	1,000-1,999	2,000+
Adequate seating for largest sessions	67%	64%	70%	78%
Competent management	65%	66%	64%	74%
Adequate breakout rooms	63%	77%	71%	79%
Helpfulness of staff	63%	60%	61%	68%
Number of hotel rooms available	61%	52%	67%	81%
Facility rental rates	57%	53%	59%	72%
Quality of food served	53%	55%	57%	49%
Adequate banquet facilities	49%	53%	52%	44%
Sufficient exhibit space	47%	44%	53%	69%
Hotels nearby	53%	41%	66%	76%
Audio-visual facilities	46%	43%	49%	52%
Exhibit set-up and service costs	44%	40%	47%	62%
Reputation of convention center	40%	39%	47%	54%
Modern facility	42%	36%	39%	52%
Proximity of exhibit space to center	37%	31%	44%	59%
Clear span exhibit space	28%	20%	31%	47%
Proximity to airport	26%	20%	21%	19%

Source: Metropoll V

are understandably much more concerned with adequate convention facilities, particularly sufficient clear span exhibition space. Hotel availability and hotel proximity are also top concerns for large meetings. Facility rental, exhibit set-up and service costs are of much greater importance to large meetings.

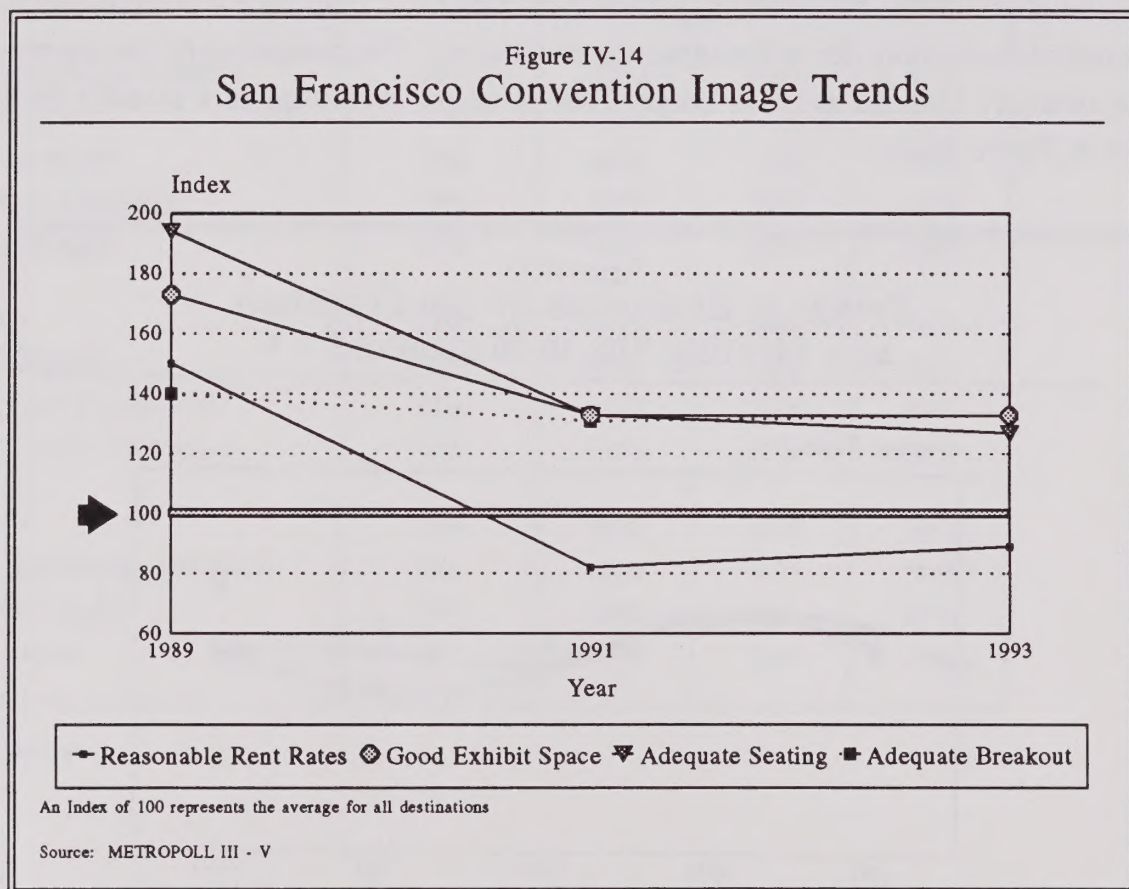
Evaluation of San Francisco

Meeting planners rated destinations in overall evaluation as meeting sites. San Francisco has historically been one of the top ranked cities for conventions in North America. In 1983 and 1986, association meeting planners rated San Francisco the number one destination in overall evaluation as a meeting site. However, in 1989, San Francisco slipped to second place and by 1991 had slipped to fourth place. In 1993, San Francisco rose back to second place possibly due to the expansion of Moscone. The contenders for the top ratings are consistently Orlando and San Diego. The trends in evaluation as a meeting site are shown in Figure IV-13.



Meeting planners also rated destinations in overall evaluation as vacation destinations. The rationale for considering vacation destination profiles is that destinations that are also popular vacation destinations attract larger attendance and make for more successful meetings. Therefore, planners are inclined to choose popular destinations assuming other needs are met. In 1993, meeting planners rated San Francisco third in overall evaluation as a vacation destination behind Orlando and Honolulu.

Figure IV-14 shows the trends in image evaluation for San Francisco on selected attributes. The image evaluation is based on a normative basis comparing San Francisco with other North American destinations. The average for North American destinations is noted by the index of 100 and therefore, ratings above 100 are above average. From 1989 to 1991,



the image of San Francisco's facilities dropped fairly significantly for exhibit space and seating. With the expansion of Moscone Center, San Francisco's facility image has stabilized above the average for North America. The image attribute for rental rates fell dramatically

from 1989 to 1991. This has recovered somewhat but remains above average for all destinations.

CONCLUSIONS

The total market for association meetings in North America is over 10,000 meetings per year. Overall trends in this market are a slowing of growth in both number of events and in attendance, with real declines observed in the early 1990s resulting from the recession.

At the large end of the spectrum, however, the size of meetings in exhibit space need and attendance is continuing to grow steadily (at 3 to 5 percent per year over the last decade). Moscone Center can currently accommodate approximately 85 percent of the market for meetings requiring 50,000 net square feet or more of exhibit space. This percentage will drop over time with growth of group size.

San Francisco enjoys a privileged position near the top of the North American market in terms of image and attractiveness in the minds of professional meeting planners. Attractiveness ratings for San Francisco had begun to slip by the late 1980s, however, as measured by METROPOLL. The recent expansion of Moscone had a noticeable positive impact on restoring or at least stopping the erosion of San Francisco's ratings. A growing trend of concern for San Francisco is the increasing importance of cost and safety issues among meeting planners.

Section V

INTERVIEWS WITH PRIMARY USERS

This section begins the presentation of the most important primary research task undertaken for this needs analysis, a series of in-depth interviews with meeting executives in the primary target market for major San Francisco convention business. This section reports what these executives had to say regarding expected growth trends within the industry, the factors influencing their decision making process in selecting meeting locations, their previous experience with meeting in San Francisco, and their need for expanded meeting and/or exhibit facilities in order to continue meeting in San Francisco in the future. The locational issue of where such expansion facilities should be placed in the urban fabric of San Francisco is addressed separately in Section VI.

EXECUTIVE INTERVIEWING METHODOLOGY

From the outset, the goal of this study was to interview up to 70 executives regarding meetings which have been, or could be, held in San Francisco's Moscone Center. A second goal was to interview as many of these as possible in person.

The sample of potential interviewees was drawn from three sources. First, the San Francisco Convention and Visitors Bureau (SFCVB) was asked to provide information on "lost business" of groups which had been tenants of the Moscone Center in the past, but who would not be able to continue meeting in San Francisco due to their growth. The Bureau also provided the identity of groups who had tried to meet in San Francisco but who could not get dates. A second source of interviewees was through the records of Spectacor Management Group (SMG) regarding groups who had met in Moscone recently, and who were satisfied customers. One purpose in interviewing some of these groups was to test their satisfaction with existing arrangements for simultaneous use of the Moscone Center by multiple groups, and test their preferences for expanded facilities and locations elsewhere in San Francisco. The third source of information was the International Association of Convention and Visitors Bureaus (IACVB) who through their local member bureau, SFCVB, provided the consultant team with a download of 192 qualified pieces of business from their

CINET data base. These groups were selected to be users of 50,000 net square feet or more of exhibit space, requiring at least 1,000 peak hotel rooms, and who will meet in one of the West Coast locations over the next three years. One purpose in interviewing from this sample was to talk to groups who have never been to San Francisco, but who might be induced to come through an offering of new facilities.

Interviewing guidelines, cover letters, survey instrument, and other materials were drafted by the consultant team and reviewed by the Chief Administrative Officer (CAO) along with SFCVB and SMG. Initial contacts with prospective groups were made under the letterhead of the San Francisco CAO. Interview materials are contained in Appendix I.

In-person interviews were conducted by the consultant team with an observer from the Convention Facilities Department in the CAO's office and took place, in Chicago, Washington, DC, and the San Francisco Bay Area. The remainder of the country was covered by telephone interviews. Appendix II provides a complete list of groups contacted for interviews during the study, along with notations of those interviewed in person and by phone.

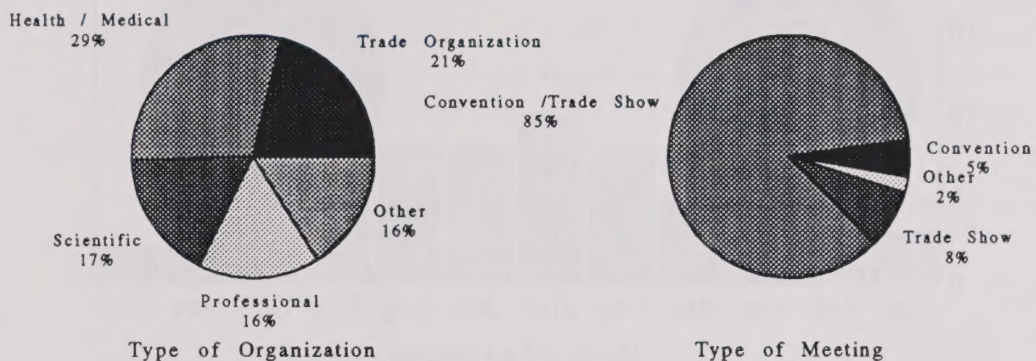
A total of 232 organizations were contacted for either a telephone or personal interview. To maximize participation and to accommodate the time constraints of parties on the interview list, over 550 follow-up phone calls were made in an effort to schedule the interviews. A total of 70 interviews were conducted for the study consisting of 32 personal interviews and 38 telephone interviews. Of these, 64 were sufficiently complete and consistent with the interviewing guideline to enable some statistical tabulation of results. The remainder of this section and Section VI presents summary statistics from this tabulation effort, along with more qualitative insights gained through the interviewing process.

DESCRIPTION OF THE SAMPLE

In Appendix I is a copy of the "profile of responding organization" which was filled out by each meeting executive. This information was used in a variety of ways, the first of

which was to ensure that all types of potential Moscone Center business were represented by the sample. Figure V-1 presents the distribution of groups by type of organization and type of meeting held. Because it is San Francisco's primary target market, there was a heavy emphasis in the sample of health and medical organizations and scientific/cultural educational groups. Consistent with the trends today, most groups see themselves as a combination of convention and trade show.

Figure V-1
Organization and Meeting Type



Source: EPI survey, tabulated by Economics Research Associates

Figure V-2 presents the month in which the last major meeting was held by each of these groups. As can be seen, the entire annual calendar was covered by the sample, including predictable concentrations in the first and fourth quarters of the year.

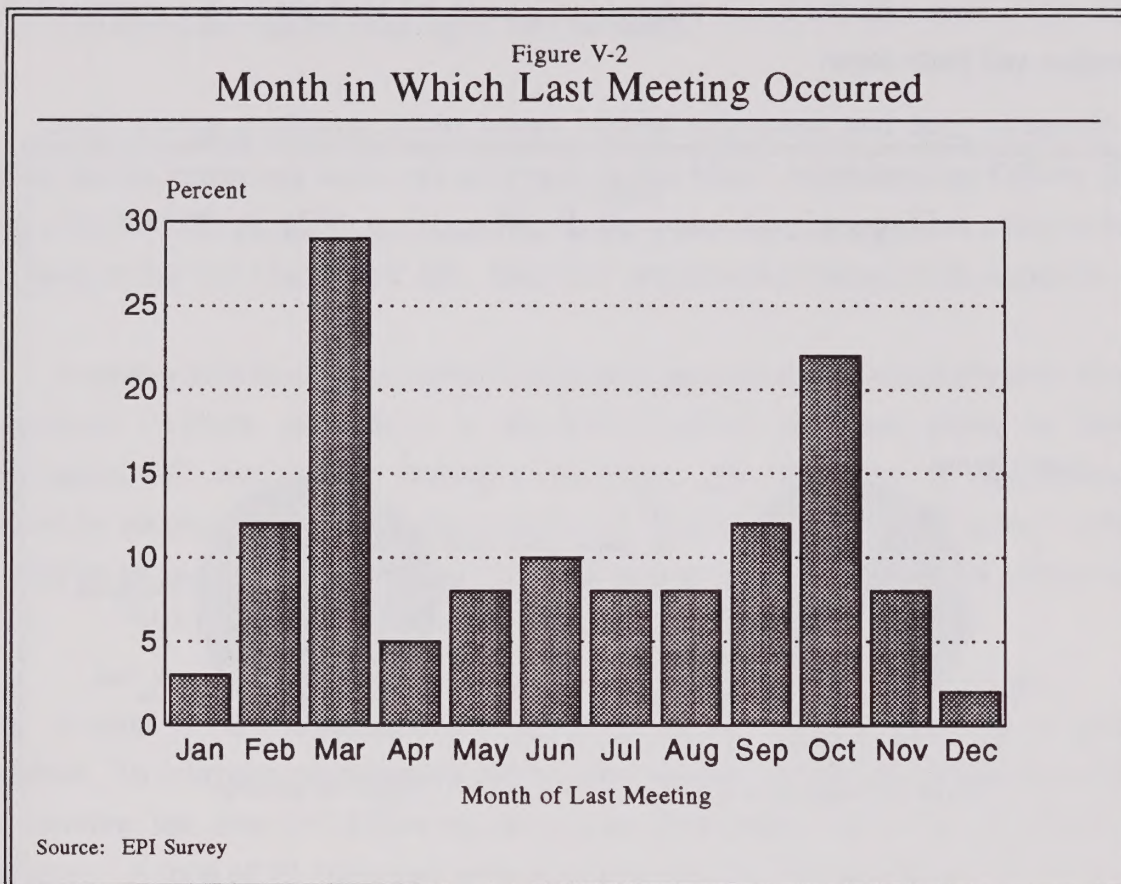
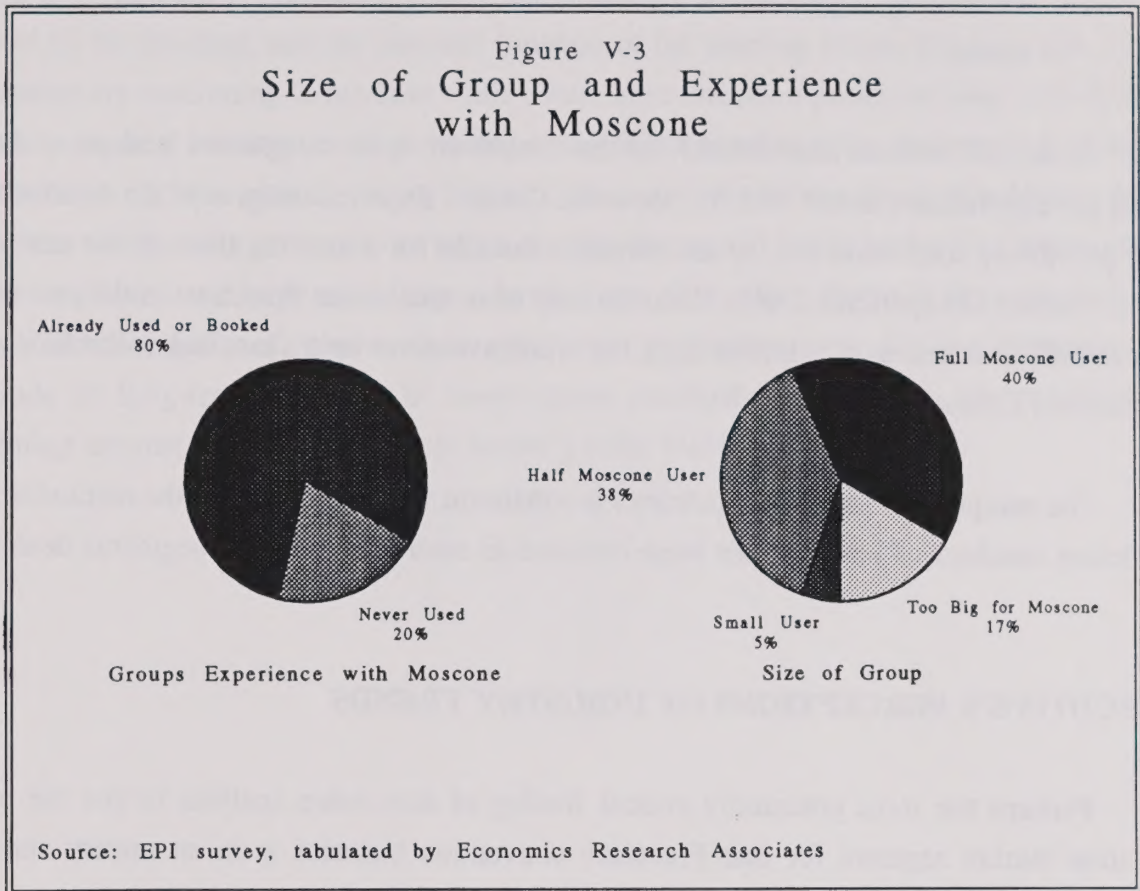


Figure V-3 presents two measures constructed by the analysts to further summarize the responses made by individual meeting executives. In the first, each group was categorized by the consultant team into one of four categories:



- **"Too big for Moscone"** are those groups which have already outgrown the existing facilities and will not return in the future unless expansion has taken place.
- **"Full Moscone users"** are those which currently use enough of the facilities that no other group can be accommodated on a simultaneous use basis. Some of the full Moscone users still have room to grow before they themselves can no longer be accommodated.

- **"Users of half of Moscone"** are those which function well on a simultaneous use basis today.
- **"Small users"** are three groups picked up in the sample which are so small that they can be accommodated within hotel facilities in many cities, and do not necessarily depend upon a convention center for meeting space until they grow more.

A second measure constructed by the consultant team categorizes groups as those which are experienced or not with the Moscone Center. Experienced groups are those which have previously used Moscone, or are currently booked for a meeting there in the next few years. Those not experienced with Moscone may have met in San Francisco in the past (e.g., Brooks Hall or hotels over a decade ago), but who have never held a meeting in the Moscone Convention Center.

The sample of completed interviews is consistent with the design of the methodology. Sufficient numbers of interviewees were obtained in each of the market segments desired.

EXECUTIVE'S PERCEPTIONS OF INDUSTRY TRENDS

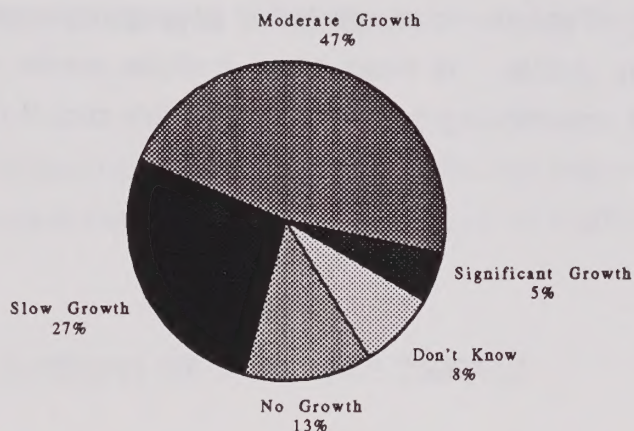
Perhaps the most potentially critical finding of this entire analysis is that the most lucrative market segment for San Francisco convention business is in an uneasy state of uncertainty regarding their future needs for meeting facilities. Medical groups and professional associations related to the medical industry are among the most lucrative pieces of business which have formed the backbone of San Francisco's convention strategy. Due to the national health care reform movement now in flux in the U.S., these groups are utterly unable to predict the size of their meetings in the future. Depending upon the outcome of health care reform, it is possible that individual medical practitioners will no longer be the purchasers of medical equipment and other tools of the profession, greatly reducing the need for exhibits in conjunction with medical conventions. Regardless of health care reform, the educational need for meetings among medical practitioners will continue. These conventions

oriented more towards education, however, could vary greatly in scope and geographic location from those which have occurred in recent years.

Through the 1980s, there was an exuberant sense of unstoppable growth among meeting executives. In these 1994 interviews, the word "consolidation" was heard as often as the word "growth." The prospects for the future are a function of both the industry being served by the meeting, and the size and function of the meeting within that industry. Some industries are continuing to increase while others have entered a period of long-term decline. The key medical industry could grow and could fall depending upon the outcome of health care reform. Within virtually every industry, there appears to be a trend of selection going on where traditionally strong shows with a specific purpose in that industry continue to attract major exhibitors and large attendance. At the same time, other shows in the same industry which lack the clarity of purpose or an appropriate geographic scope for that industry are in a mode of long-term decline. In many cases, multiple events which are experiencing declining interest are consolidating to create a more viable critical mass.

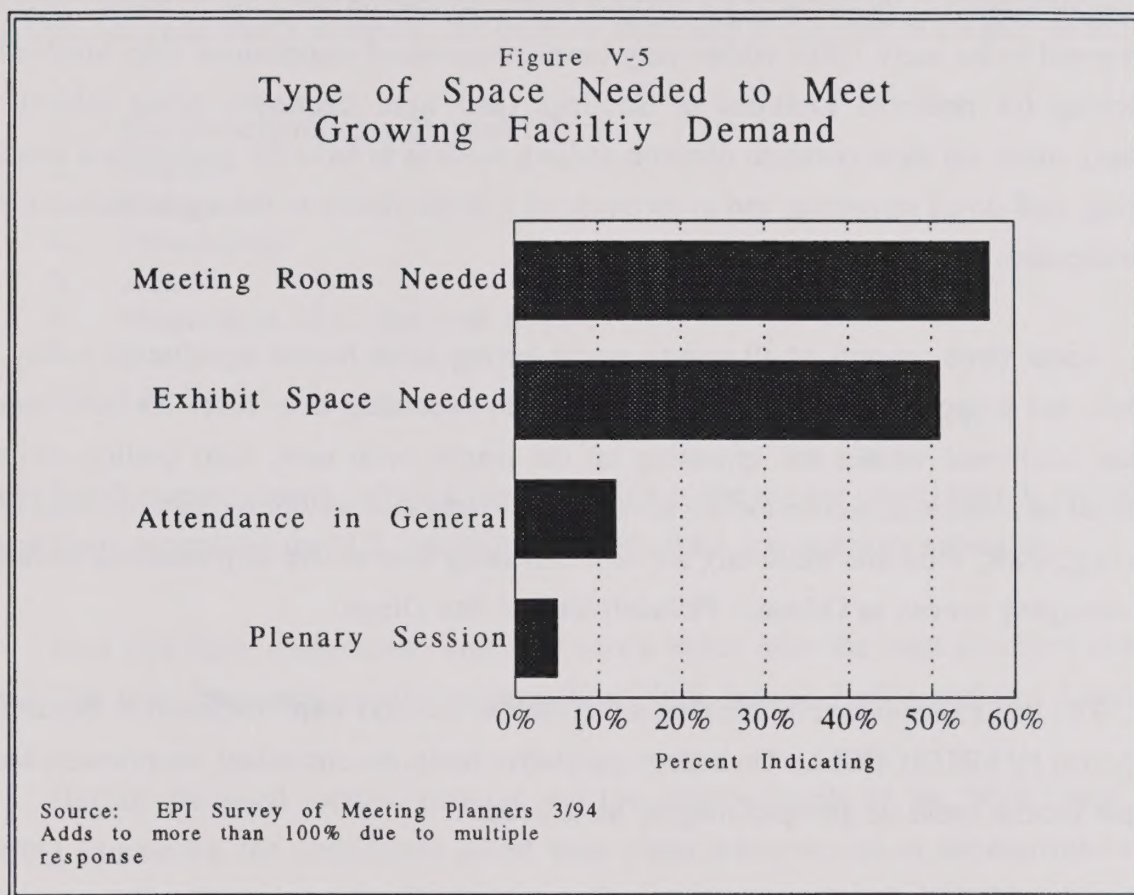
In spite of the uncertainty and consolidation occurring among major meeting groups, the most frequent response as to projected overall growth for meetings in North America was that growth would continue to occur "moderately" or "slowly" as can be seen in Figure V-4. Only five percent of the sample saw "major growth" as the prospect for the industry, counter balanced by 16 percent which saw meetings in a "no growth" or "declining" phase.

Figure V-4
Anticipated Growth Trend Throughout
The Meetings Industry



Source: EPI survey, tabulated by Economics Research Associates

When asked where the growth was occurring in terms of facility needs, the need was clearly seen as being in the basics: meeting rooms and exhibit spaces (see Figure V-5). Very few saw specific needs for plenary session rooms or that rapid increases in attendance were expected. It is interesting to note that slightly more need was seen in meeting rooms in the future than in exhibit space. This was substantiated on a more qualitative level in many of the interviews where professional groups (including medical groups) saw increasing need for more, and more varied, meeting room spaces to accomplish their educational and caucusing functions.



Along with the emphasis on need for more meeting rooms in the future, many respondents indicated needs for additional telephone banks and other forms of communication in the convention facilities. They also often indicated a need for much greater availability of informal meeting spaces such as lounge areas, alcoves with seating and tables, bars and

restaurants within the convention facilities. A number of respondents were experiencing a greater need for technological infrastructure such as fiber optic wiring, satellite uplinks, Internet connections and teleconferencing facilities.

CONSIDERATIONS IN LOCATING FUTURE MEETINGS

Over the past decade and a half, there has clearly been a trend towards increasing professionalization of the decision for where a major association will hold its annual meeting. As opposed to the early 1980s when many board members of associations were involved in politicking for preferred locations of meetings (and were frequently being lobbied by bureaus), today the most common decision making mode is to have the professional meeting planning staff do all screening, and to recommend a single choice to the organizations board for ratification.

About three quarters of all groups report having some formal or informal policy for rotation, and it appears that the rotation patterns are expanding over time. In other words, because additional venues are appearing on the market with new, high quality, recently expanded facilities in attractive locations, rotation patterns that previously only included three stops (e.g., East, West and Midwest), are now becoming four or five stop rotations including such emerging venues as Orlando, Philadelphia and San Diego.

The factors important in selecting a convention location were discussed in Section IV as reported by METROPOLL. On a more qualitative basis, the consultant interviewers found that the factors could be grouped roughly as follows:

- #1 Adequacy of convention facilities in terms of exhibit square feet and meeting rooms.
- #2 Adequacy of hotel rooms of sufficient quality within proximity.
- #3 Overall charm and attractiveness of the city.
- #4 All other issues such as cost, transportation requirements, air access, etc.

In the decision-making process, however, the first two factors are seen as merely a necessary screening qualification. If a group cannot physically fit in a location, it is dispassionately dropped from further consideration at a very low administrative level in the decision-making process. The real criteria for selecting convention locations is the general charm and attractiveness of the area balanced against costs. Many types of cost conscious groups will not come to San Francisco.

Respondents were asked to describe which were the most attractive cities in North America. San Francisco and New Orleans were tied for the most frequently mentioned. Although not particularly scientific, the order of frequency in mention is roughly as follows:

1. San Francisco tied with New Orleans
2. Orlando
3. Chicago
4. Philadelphia
5. Atlanta
6. Washington, D.C. tied with Boston
7. San Diego
8. Las Vegas

While San Francisco clearly enjoys a prime position in the market place, there is substantial competition throughout the U.S., including venues which are currently expanding.

As a side light, respondents were also asked which were the least attractive cities to them. The most frequently mentioned were New York, Miami, Dallas, and Los Angeles.

Having discussed rotation patterns and the relative merits of the West Coast with meeting executives, the consultants asked what cities were viewed as alternatives to San Francisco. San Diego was by far the most frequently mentioned desirable alternative. Anaheim and Las Vegas were tied for the second most mentioned. Los Angeles was a very distant third.

In spite of the focus on the West Coast market, other locations mentioned as alternatives to San Francisco (although much less frequently than even Los Angeles) included New Orleans, Seattle, Orlando, Atlanta, and San Antonio. Again, due to the potential

expansion of rotation patterns to include a greater diversity of destinations, some of these other attractive cities are likely to be competitive with San Francisco in the future, if not in removing events from San Francisco entirely, then by reducing the frequency with which these events rotate to the West Coast.

PREVIOUS EXPERIENCE IN SAN FRANCISCO

In searching for indicators of the need to expand facilities, meeting executives were asked if the facilities met their needs the last time they were in San Francisco. A surprisingly large portion (approximately 30 percent) of those who have first hand experience in San Francisco answered no to the question, but on closer inspection their negative answer was due to a wide variety of reasons. For almost half of this negative group they were reporting a meeting which occurred in the early 1980s, and for which they had a variety of problems (such as with the loading docks, having to use Brooks Hall and Civic, or having outgrown the Moscone Center before the recent expansion took place). A couple of groups experienced problems during construction of the recent expansion which contributed to a negative answer to the question, and one complained that their show had been closed in 1989 by the earthquake. Only four of the groups in the survey appeared to be legitimately outgrowing Moscone, including: The Telecommunications Industry Association, The National Solid Waste Management Association, The American Academy of Ophthalmology, and The American Academy of Orthopedic Surgeons. In addition, there were three groups who were interviewed who are already too big for Moscone, but who did fit within the existing facilities the last time they met in San Francisco: American Public Transit Administration (in 1987), National Cable TV Association (last year) and Construction Industry Manufacturers Association (1991).

Other, more qualitative evaluations of previous experience in San Francisco were both negative and positive. On the negative side some groups complained about inflexibility in operating rules at Moscone, costs, and urban street problems and general safety concerns. On the positive side, many groups spoke highly of San Francisco's charm, diversity of events and attractions, high quality restaurants and shopping opportunities.

FUTURE FACILITY NEEDS IN SAN FRANCISCO

Almost half (46 percent) of the total sample of meeting executives interviewed said that "Moscone Center needs to be expanded to meet the group's needs." Naturally, the need for expansion varied greatly by the size of the group and facility utilization.

Groups Which are Too Big for Moscone Today

Eleven groups were classified as being too big for Moscone today. The issue for them is whether an expansion of facilities would attract them in the future. Five of these have held a meeting in Moscone in the past, and six have had no experience in San Francisco. The vast majority (9 out of the 11) indicate that they would not use any of the expansions discussed. In all of these cases, the group demands a contiguous, same-floor exhibit hall. For groups such as the American Public Transit Administration and the Telecommunications Industry Association, they met in Moscone in the mid 1980s with success, but have outgrown the contiguous space available, even including the new expansion, and are already lost business. In cases such as the Photo Marketing Association International (which has never met in San Francisco) the high cost of the city will reinforce their decision not to split their event into non-contiguous space in order to come to San Francisco.

Only two of these large groups expressed any interest at all in using expansion space (and only on an immediately adjacent block). The Construction Industry Manufacturers Association (CIMA) might use non-contiguous space, but they really need a million net square feet for their trade show. Their annual meeting (which was held in San Francisco in 1991) might still come to the city, even though the trade show will not. The other group which might use an adjacent block expansion is the Water Environment Federation (which was run out of town by the 1989 earthquake the last time they met in Moscone). This group is growing fast, however, and is looking for 650,000 to 700,000 square feet today. By the time San Francisco could build enough space to reach this total, this group likely will again be too big.

The conclusion for groups which are already too large for San Francisco is that, with few exceptions, no reasonable expansion in conjunction with the Moscone Center will allow this segment of business to be recaptured. The vast majority of the largest groups are will not return to San Francisco.

Groups Which Are Full Users of Moscone

The most important respondents are those who are currently full users of the Moscone Center. The distinguishing size characteristic of these users is that they occupy enough space to preclude any other group from being a simultaneous user along with them. Thus, full users include groups which still have room to grow within Moscone's facilities, as well as groups which are using every foot of space in the recently expanded convention center. The issue for full users is whether growth will force them all to stop meeting in San Francisco, and if any realistic expansion would keep them in the city longer.

The interviewing sample included 25 groups which were classified as full users. Ignoring two groups which were found on closer inspection to be groups which have never been to San Francisco and are unlikely to ever come due to cost considerations, the sample includes 23 groups with meaningful opinions on expansion options. The responses of these full user groups to the interviewing may be summarized as follows:

7 groups (30%) indicate that Moscone facilities **do not need to be expanded** to meet their group's needs. Most of these (6 of 7) will continue to use Moscone for the foreseeable future even without expansion. Example groups in this response mode include the American Library Association, the American Dental Association, and the American Bar Association. These groups are willing to work with the Bureau and Moscone management to make their events fit in San Francisco. One group (American College of Surgeons) reports it will leave the city before it will split its exhibits beyond South Hall into non-contiguous North Hall, and thus would not recommend expanding in non-contiguous locations on their account.

8 groups (35%) indicate that Moscone facilities **should be expanded**, but the consultant interviewers were led to believe they will continue to come to San Francisco for the foreseeable future even without expansion. Virtually all of these groups would like to see more space available, but appear to be willing to make the most of a suboptimal situation in order to continue to

meet in San Francisco. For some, a San Francisco location is dictated by the needs of their industry. Examples of these groups include Semiconductor Equipment and Materials International (SEMI), the Gourmet Products Show, National Automobile Dealers Association and the American Academy of Pediatrics.

8 groups (35%) indicate that Moscone facilities **should be expanded, and they will leave San Francisco without expansion.** The groups requiring expansion separate further into two types of response:

4 groups indicate they **would not use the non-contiguous spaces which could be developed** in various configurations in San Francisco. Groups with this response opinion are represented in the sample by NATPE International, Association of Information and Image Management, Travel Industry Association of America, and National Association of Convenience Stores.

4 groups indicate they **would be willing to make do with the non-contiguous spaces which could be developed** through an expansion program. All of these groups saw the expansion options as suboptimal, but with creative use of spaces they could continue meeting in San Francisco until they again become too large for the expanded facilities. Groups in this response mode are represented by American Academy of Ophthalmology, American Academy of Orthopaedic Surgeons, American Heart Association, and Food Processing Machines and Supplies Association.

This research program found that groups which are currently full users of the Moscone Center facilities in San Francisco are highly successful, well established groups within their own industries. As such, they are survivors in the natural selection process and are still growing in spite of flattening meeting trends in North America. Although they are subject to industry specific setbacks (e.g., health care reform for medical groups) most of them will continue growing moderately for the foreseeable future. As much as two-thirds of these groups suggest they will stay in San Francisco in spite of their expected future growth and the problems tight spaces will create. One of these thirds says the facilities should be expanded, the other third says not. In both cases, however, there appears to be a willingness to find ways to use spaces creatively and to expand into hotel meeting facilities to continue coming to San Francisco. Approximately one-third of full users says they will stop meeting in San Francisco in the near future. Many of these would not be enticed back by any of the realistic expansion options, leaving only about one-sixth of all full users who would be induced to stay longer by an expansion.

The conclusion is that among full users, those that really want to stay will stay, and those that are about to leave will probably leave. An expansion program which will produce more non-contiguous space will have little effect on changing the behavior of either group.

Groups Which are Users of Half of Moscone

Almost by definition, groups which currently occupy Moscone on a simultaneous use basis do not require an expansion to remain San Francisco convention customers. Twenty-one of the 24 groups falling into this category reported the center did not need to be expanded to meet their needs. On closer inspections, the three groups which did indicate an interest in an expansion program all recognized that being a half user of a larger facility would give them more space on the same dates. In all 24 cases, if the groups could qualify for use of the entire facility, their needs could be accommodated for at least a decade of growth without any further expansion.

Section VI

ALTERNATIVES FOR FURTHER EXPANSION

The context for consideration of expansion options for meeting and/or exhibit facilities in San Francisco is presented in Figure VI-1. Of critical importance in the convention business is the proximity of meeting and exhibit facilities to the block of committable hotel rooms. Estimates of the committable rooms are located on the map, identifying the Union Square area as the location of most hotel rooms available for major meetings.

The preference of virtually all large users is that convention center expansions should be contiguous to existing facilities, with as much space as possible under one roof. The existing Moscone Center occupies two blocks in the center of a twelve-block Redevelopment project known as Yerba Buena Center. After decades of work, this Redevelopment project has been successful in attracting a variety of new development including two major hotels, several cultural facilities, high density residential uses, offices and new parking structures. The existing land uses in the vicinity of the Moscone Center are presented in Figure VI-2.

The success of the Yerba Buena Redevelopment project has limited the practical sites which could be utilized for development of additional meeting and exhibit space. The neighboring blocks will become even more committed to new uses if all the proposed facilities shown in Figure VI-3 are also completed.

DESCRIPTION OF ALTERNATIVE LOCATIONS

At the conclusion of each executive interview, a series of questions was asked regarding preferences for the location for expanded facilities in San Francisco. Four alternative locations were described in generic terms, but in each case the same configuration of facilities was proposed. For those that were familiar with the recent expansion in San Francisco, the proposed new facilities were described as being comparable to the recent expansion including Halls D and E on the north, the new meeting rooms, and the Esplanade Ballroom. In more quantitative terms, the proposed new facilities were described as "200,000

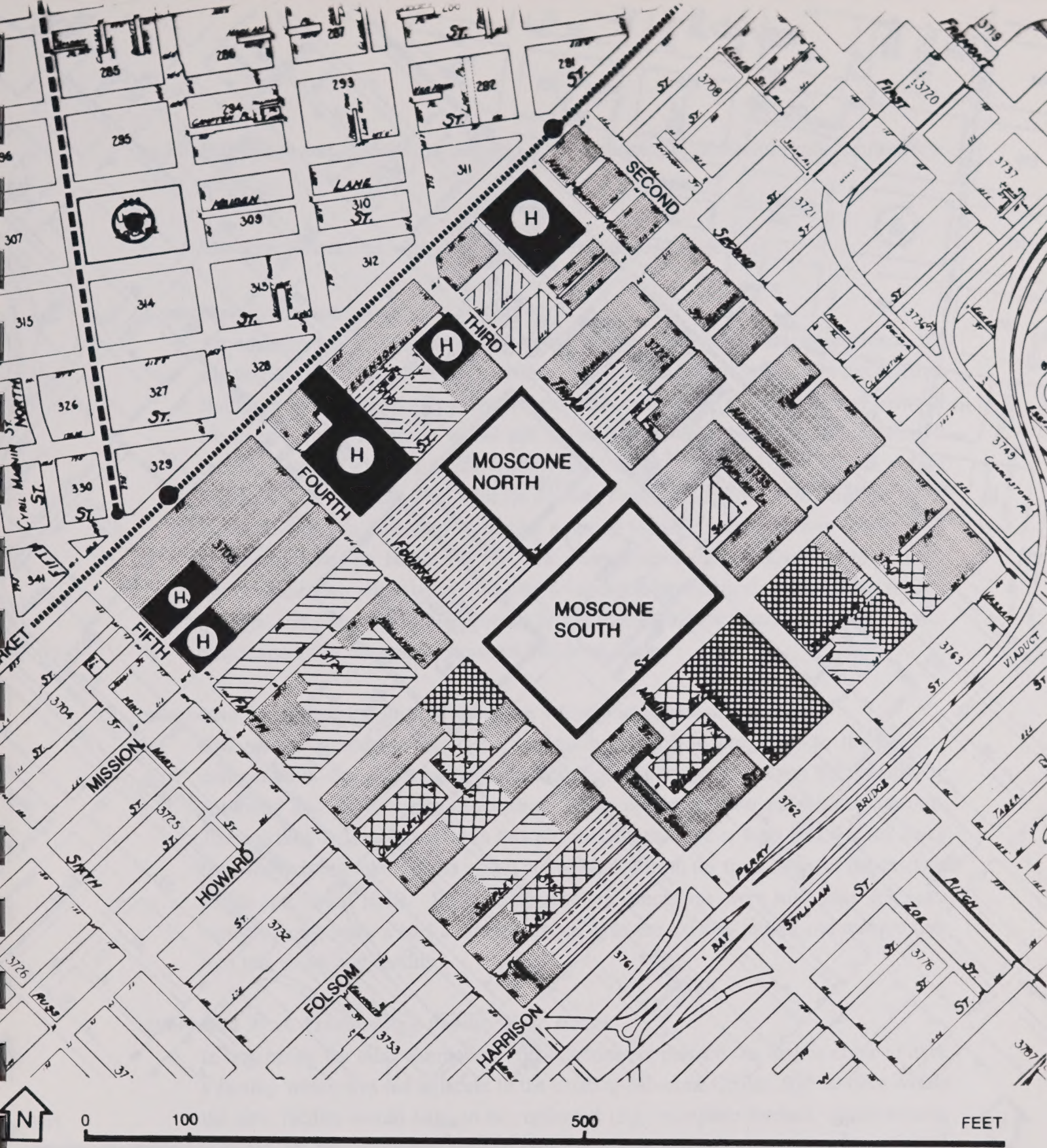


0 1000 2000 3000 4000 FT. 1 2 MILES

SOURCE: S.F. CONVENTION & VISITORS BUREAU

- | | | | | | |
|------|----------------|---|-----------------------------------|---|-----------------------------------|
| ●●●● | BART | ▼ | CIVIC CENTER | ③ | 250 - 499 COMMITTABLE HOTEL ROOMS |
| --- | CABLE CAR LINE | ① | 1000 + COMMITTABLE HOTEL ROOMS | ④ | 40 - 249 COMMITTABLE HOTEL ROOMS |
| ● | UNION SQUARE | ② | 500 - 999 COMMITTABLE HOTEL ROOMS | | |

Convention Hotel Locations



- | | | |
|--------------------|----------------------|--------------|
| BART | HOTEL | RESIDENTIAL |
| --- CABLE CAR LINE | COMMERCIAL | PUBLIC SPACE |
| UNION SQUARE | RETAIL & RESIDENTIAL | PARKING |



0 100 500 FEET

..... BART

--- CABLE CAR LINE

- - - - REDEVELOPMENT BOUNDARY

● UNION SQUARE

① RETAIL & ENTERTAINMENT CENTER

② CHILDRENS CENTER

③ MEXICAN MUSEUM

④ SFMOMA

⑤ WILLIAMS BUILDING & HOTEL SITE

⑥ OFFICE TOWER SITE

⑦ CALIFORNIA HISTORICAL SOCIETY HEADQUARTERS

⑧ ST. PATRICK'S SQUARE

H ADJACENT HOTELS

Yerba Buena Proposed Development

to 250,000 square feet of exhibit space, and 50,000 square feet of flexible ballroom/meeting room space."

The four alternatives were described in the interviews as follows.

Alternative 1: Expansion on an Adjacent Block

An adjacent block was interpreted as any of the city blocks that would touch the existing Moscone Center (South or North) or be across Fourth Street from the Marriott Ballroom. It was stated that a tunnel connection comparable to the concourse between North and South Moscone would not be possible, and furthermore that the exhibit facilities on an adjacent block would likely be at-grade, and thus would not be contiguous on the same level with the existing Halls A through E. On the other hand, Alternative 1 was described as having a strong visual connection from the existing entrance lobbies on Howard Street. In many interviews it was suggested that the visual connection might be enhanced by urban street treatment, similar architecture and signage, and perhaps with a pedestrian bridge across Third or Fourth Streets, but it was emphasized that no design decisions had been made.

Alternative 2: Expansion in the Immediate Vicinity of Moscone

The second alternative tested the interest in staying in proximity to the existing concentration of meeting and exhibit facilities at the Moscone Center, but specifically described a scenario where there would be no opportunity for physical connection. The entrance to the expansion in this alternative would be at least half a block away from the existing lobbies, and would not be visible from the front doors of the existing North and South Halls. Responding meeting executives were told their delegates would have to walk a half a block or more from the existing center and make a turn into this expansion facility.

Alternative 3: A Freestanding Facility Near Hotels

In describing the third alternative, EPI interviewers pointed out that in order to have a facility which was not adjacent to the existing Moscone Center, full services within the new facility would have to be replicated (e.g., complete kitchen, administrative offices, and all forms of exhibit and meeting spaces). In effect, a freestanding facility would have to be created to implement Alternative 2, and that perhaps such a freestanding facility would be even more attractive if it were closer to the existing

block of convention hotel rooms in San Francisco. For those intimately familiar with the city, such a location was described as being north of Market Street near the concentration of hotels around Union Square. In practical terms, most respondents realized that the blocks most available for redevelopment into convention facilities would be those to the west of such existing hotels as the Hilton, Parc 55 and the Nikko (those familiar with the city recognized that there was not sufficient space for a new convention facility between the Union Square hotels, Chinatown, and the Financial District when moving to the east).

Alternative 4: Freestanding Facility at a Remote Site

The last alternative was designed to test the attractiveness of other environmental amenities when locating convention facilities. A "remote site" was described as being virtually anywhere in San Francisco which was not near the existing Moscone Center or the Union Square area convention hotels. Possibilities suggested in different interviews included waterfront locations, proximity to the Ferry Building, proximity to Fisherman's Wharf, and even mentions of locations in the Presidio. In many interviews, an attempt was made to visualize a highly attractive setting, potentially with views of the Golden Gate Bridge, Alcatraz, and San Francisco Bay.

REALISTIC CHOICES

The above four alternative generic locations were described in two different ways depending upon the size of group. For groups that have or will soon outgrow the current Moscone Center, respondents were asked their willingness to use the alternatives as supplemental space to the existing Moscone Center. At the conclusion of testing for degree of interest ("yes, no or maybe") in each of the alternatives, respondents were then asked for their preference among the four alternatives. The full text of the questions used in the interviews is presented in the "Sample Interview Record" in Appendix I.

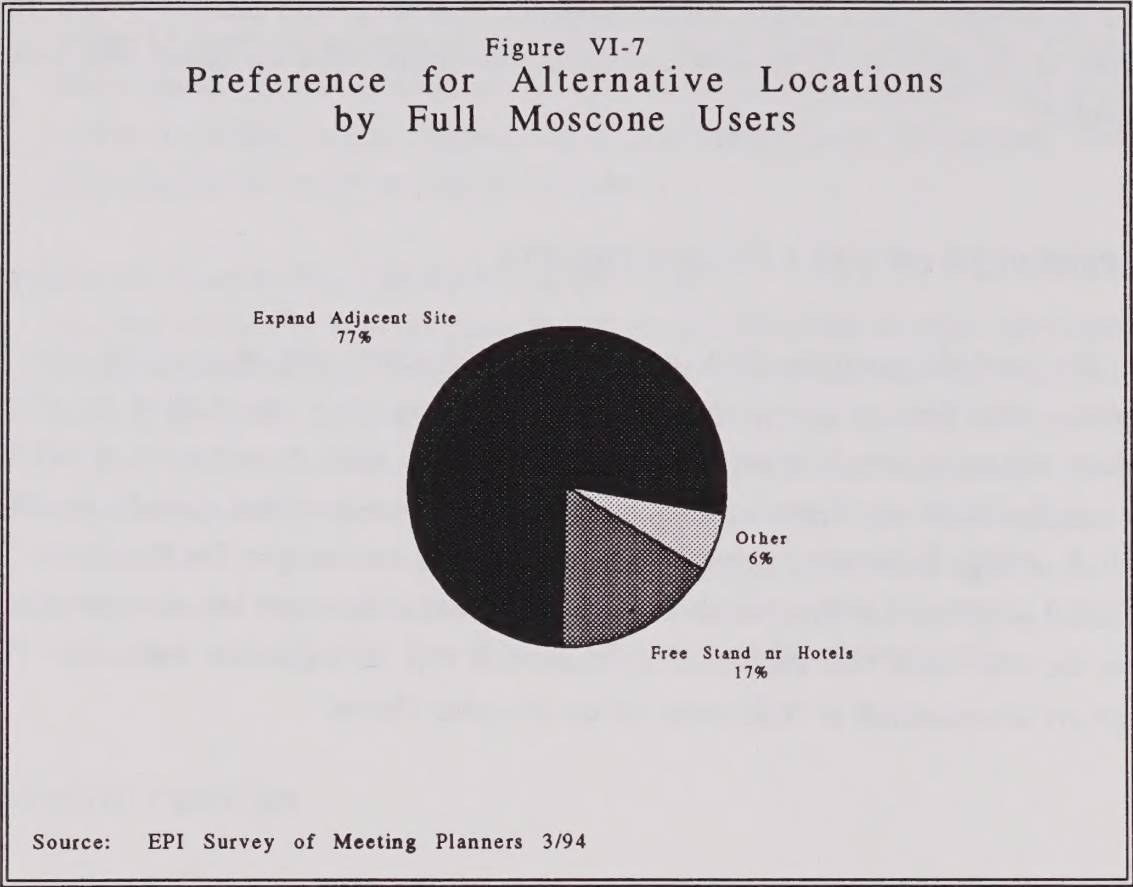
For groups that have not outgrown the existing Moscone Center (primarily users of half the existing facilities), respondents were asked their willingness to use any or all of the four alternatives if these were the only facilities with dates available. In other words, respondents were told to assume that the existing Moscone Center was filled with other

business during the dates they desired, and their only ability to meet in San Francisco would be in a new facility in one of the four locations. After testing the degree of interest in each alternative separately, these respondents were asked to indicate a preference for their first choice in location. In a further question, respondents were then asked, "If dates were available to use either one of the new facilities or the existing Moscone Center, which would you prefer?"

PREFERENCES OF THE LARGEST GROUPS

For analysis purposes ERA has separated Moscone user groups into two size categories. The first are groups which are currently using all or almost all of the existing Moscone Center, or who have already outgrown Moscone. Only the responses of full users who had first hand experience with events in Moscone were tabulated (thereby ignoring a hand full of large users in the sample who had never held a meeting in San Francisco). The second set of groups are those which can fit entirely within the south Moscone complex, or within the new North Hall expansion in conjunction with the Esplanade Ballroom. These groups are characterized as "half users" of the Moscone Center.

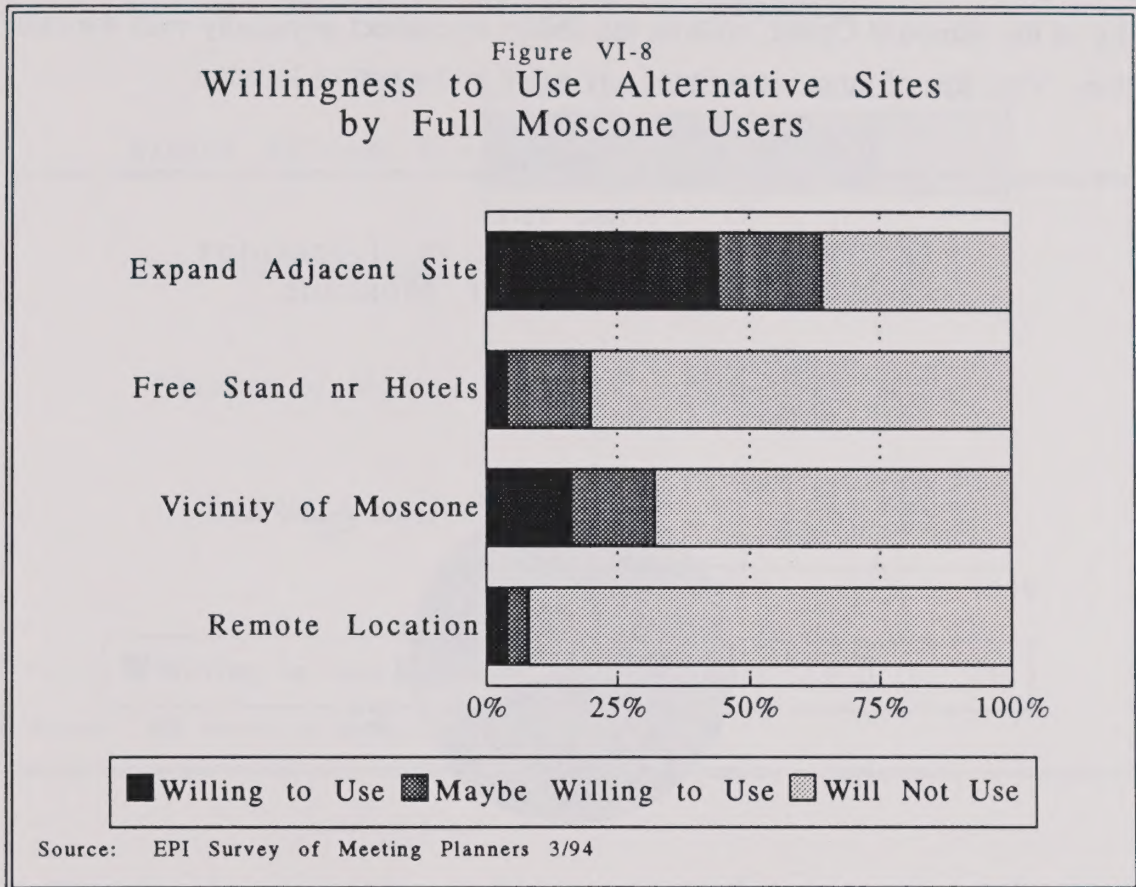
The preference for alternative locations among the experienced full users of Moscone is presented in Figure VI-7. The vast majority of large users preferred the expansion option on a site adjacent to the existing convention center. Interestingly, none of the experienced



respondents preferred Alternative 2 which was "in the vicinity of the existing Moscone Center," but which had no visual connection. A small minority suggested that a freestanding facility near hotels or elsewhere in the city would be preferable, but as will be seen in Figure VI-8, most of these groups would not use these facilities themselves, but were merely indicating to the EPI interviewers what they thought to be a preferable solution for San Francisco's expansion quandary.

In Figure VI-8, the willingness to use facilities in the different alternative locations is indicated by a "yes," "no" or "maybe." Although the majority of all large groups expressed a preference for the adjacent site alternative, just under half said they would actually use such facilities themselves. Virtually all reported a strong preference for a contiguous expansion

of exhibit floor space, and reported that they would not split exhibits among floors at different levels on different blocks in San Francisco. The few who seemed somewhat willing to use adjacent expansion facilities described creative scenarios such as using the expansion for poster sessions only, or for food and beverage functions, or perhaps for plenary sessions in the new exhibit hall area, leaving the entire existing North and South Halls free for contiguous exhibits. Some pointed out that Moscone is already a "split facility" and that they would not separate their exhibits between the North and South Halls.

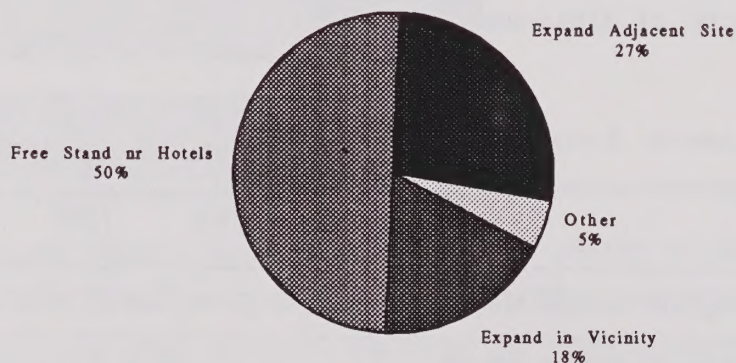


The vast majority of large groups report they would not be willing to use any of the other alternatives at all. Only one group, the American Bar Association, would use (and, in fact, preferred) a freestanding facility near hotels. Several respondents suggested that the most appropriate location had not been tested, and that location would be on the rooftop of South Hall, adjacent to the new Esplanade Ballroom.

PREFERENCES OF GROUPS FITTING IN HALF OF MOSCONE CENTER

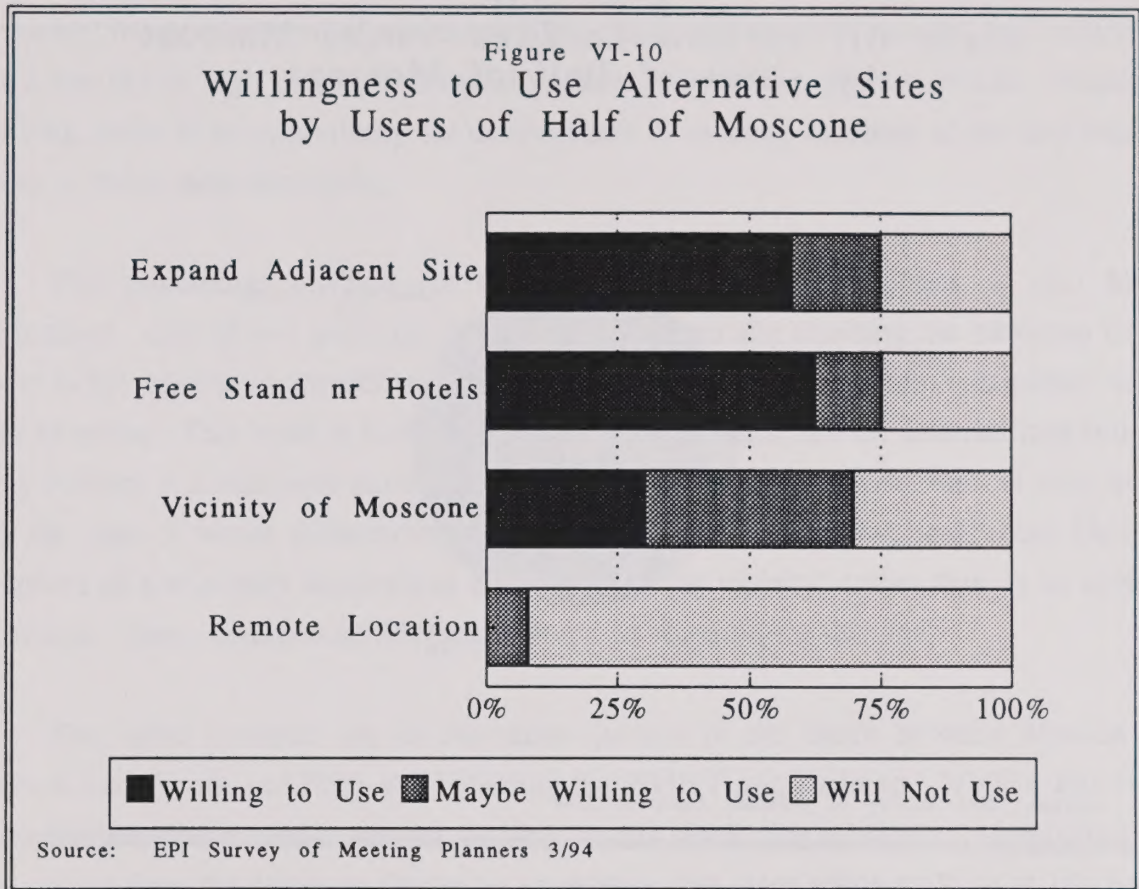
The second set of groups interviewed are those which currently fit comfortably within half of the existing convention center on a simultaneous use basis. These groups would fit within the proposed expansion facilities as described, as sole users. The preferences of these groups are presented in Figure VI-9. The single largest preference of this group is for a freestanding facility near the existing hotel block. However, a significant portion also prefers the existing Moscone Center location, and a few would even accept a new facility in the vicinity of the Moscone Center, without the ability to connect physically with the existing facilities. Very few of these users found any value in the remote location.

Figure VI-9
Preference for Alternative Locations
by Users of Half of Moscone



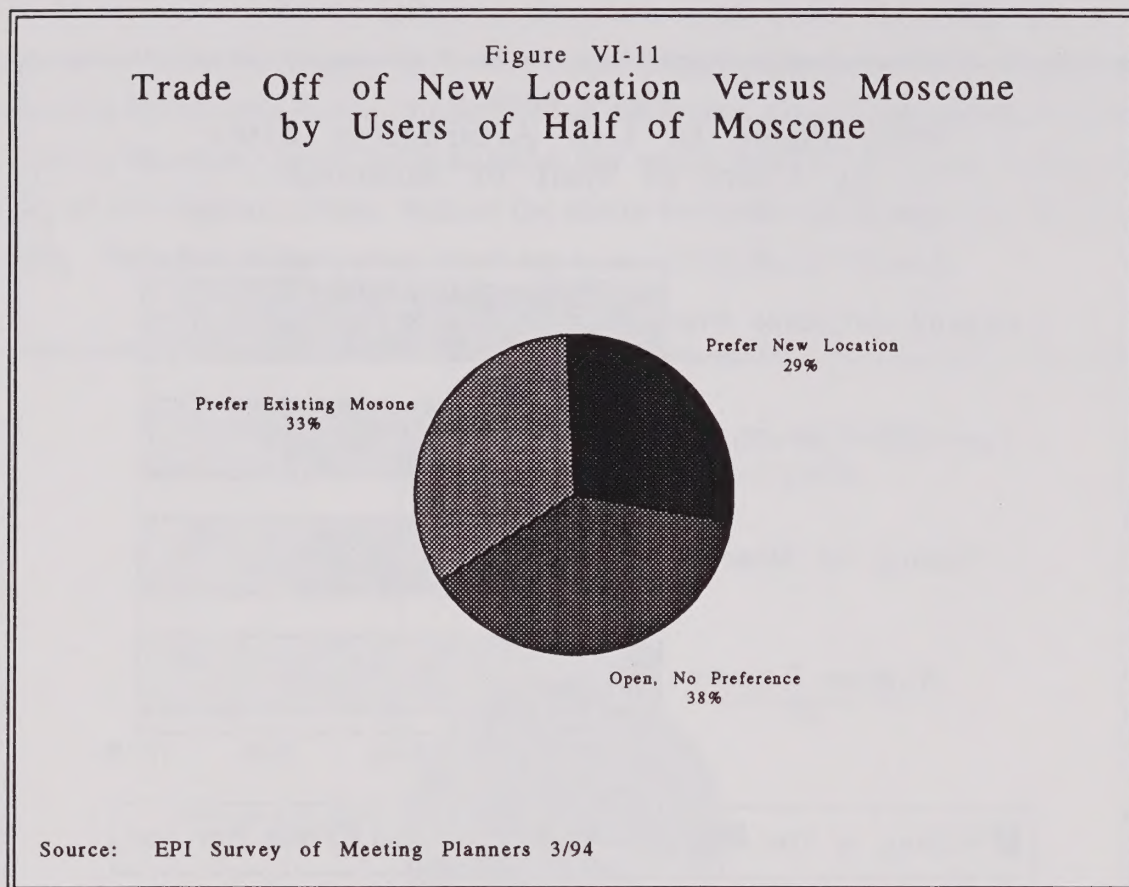
Source: EPI Survey of Meeting Planners 3/94

In looking at reported willingness to actually use these facilities in Figure VI-10, none of the smaller users reported a firm willingness to use a remote location. Over half of these users would be willing to use an expanded facility on a site adjacent to the existing Moscone, or a freestanding site near the hotel block.



When forced to choose between the proposed new facilities, or the existing Moscone Center, users of half the existing facility were split into almost even thirds among the existing

Moscone, the new location of their choice, and having no real preference (see Figure VI-11). If developed attractively, the majority of half-size users could potentially be drawn to a new location.



ADDITIONAL IMPLICATIONS OF PREFERRED ALTERNATIVES

Based upon the results of the interviewing, two locational alternatives were dropped from further consideration. There was virtually no interest in groups of any size in Alternative 4 which proposed a freestanding facility at a remote location in San Francisco. Similarly, there was very little interest in Alternative 2, a facility which would be in the vicinity of Moscone but which would lack any physical or even visual connection to the existing center.

Realistic Options Adjacent to Moscone Center (Alternative 1)

Realistic options on the blocks adjacent to the existing Moscone Center are very few. The areas on three sides of Moscone (north of Mission, east of Third Street and south of Folsom between Third and Fourth) are characterized by small remaining sites which are earmarked for development of additional YBC elements, expensive recently built structures, and a number of high density residential projects built within the last decade. Practically speaking, there is no opportunity for development of meeting facilities of the size required in any of these three directions.

The remaining direction for expansion, west of Fourth Street, is also highly constrained. One of two potential sites which are nominally touching the Moscone Center blocks is the relatively underutilized site at the corner of Folsom and Fourth diagonally across from Moscone. This block is furthest from the existing hotels, and the underutilized frontage along Folsom is a relatively narrow site. This site, although "adjacent" on the map, would lack the type of visual connectivity the user groups are looking for, and would likely be perceived as a relatively unattractive expansion "in the vicinity" rather than as an adjacent expansion. Some commercial relocation would be required for this site.

The other potential site is the center portion of the block between Mission and Howard, and Fourth and Fifth, not including the Wells Fargo building. While a significant space is currently devoted to surface parking on this block, this relatively underutilized area is separated from the Moscone Center by an existing five-story office building at 150 Fourth and the Marriott Ballroom. This site would also require some commercial relocation.

Options Near the Convention Hotel Block (Alternative 3)

In order to develop a new freestanding facility in the neighborhood of the existing hotel block north of Market Street, substantial land assembly with subsequent commercial and residential relocation would be required, making this a very difficult and lengthy project. To be competitive in today's market, the exhibit space in a new facility must be all on one level. In order to provide a floor plate of roughly 200,000 gross square feet of exhibit space, a

facility would have to span two city blocks in this area. A prototype developed by the EPI team calls for an elevated (second level) exhibit hall bridging a street in this neighborhood. Allowing space for truck ramps and loading docks on the second level, the total footprint of a two block area of approximately 250,000 square feet would yield a remaining exhibit hall space of slightly under 200,000 gross square feet. The grade level areas of each of the two blocks could be devoted to meeting room and ballroom space, with small retail shops located at street level facing outward to preserve the streetscape and human scale of the neighborhood. Delivery of freight to the elevated exhibit hall floor through the congested city streets north of Market Street would require extensive scheduling, and possibly changes to the circulation pattern of surrounding streets.

Section VII

PROJECTION OF MARKET SHARE FOR ALTERNATIVES

This section presents an analysis of the current and projected market shares for the Moscone Center under alternative scenarios including a no-build scenario. Market share is evaluated based on Moscone's share of a five city West Coast market including San Francisco, Las Vegas, Anaheim, San Diego and Los Angeles.

THE CURRENT SIZE OF THE WEST COAST MARKET

In order to estimate market share for San Francisco, a reasonable approximation of the total size of the convention market must be determined. As previously discussed, there are few databases that offer a comprehensive survey of major convention activity for all destinations. The most comprehensive source of information is the Tradeshow Week Data Book published by Tradeshow Week.

ERA reviewed the meetings held in 1993 for the five West Coast cities. For San Francisco, the statistics on actual meetings held at Moscone Center were compared with those listed in the Tradeshow Week Data Book. Moscone Center events listing for 1993 indicates 46 events were held during the year.¹ Of these 38 were included in the Tradeshow Week Data Book including every major event. The eight events not included were short term bookings such as corporate product announcements (e.g. Discovery Toys, Microsoft DOS 6.0) and small expos (enterprise expo, specialty retail expo). The only event of note not included was the League of California Cities which did not use exhibition space. While the Tradeshow Week Data Book is not entirely complete, it is sufficiently comprehensive to use in the market share analysis. While there is some under counting of events, this under counting is expected to be consistent among all cities.

¹/Events listing by the SFCVB. Excludes a number of short-term bookings by corporate users and community events booked by the Moscone Center staff.

In all five West Coast cities, there was a total of 186 events in convention centers listed in 1993. This excludes events that were purely consumer oriented events such as the San Francisco Auto Show. It is also important to note that the Los Angeles Convention Center did not open its expanded area until November 1993.

MOSCONE'S CURRENT CAPTURE OF THE WEST COAST MARKET

Moscone's market share can be measured in several ways such as number of events, space used, attendance and expected roomnight generation. The rationale for considering different measurements is that events vary considerably in their characteristics and economic impact. As a result of heavy demand, the SFCVB sets minimum requirements on room-night generation rather than taking all events or the largest events in terms of space. In this way, economic impact is maximized given the current facility constraints.

Events and Spaces Used

Figure VII-1 illustrates the relative market share for San Francisco among the five West Coast destinations in terms of number of convention center non-public events and total square feet of exhibit space used. San Francisco has a 20 percent share of all events (37 of 186 events) but only 15 percent of total space used. Anaheim has the largest market share in terms of events while Las Vegas has the largest share of exhibit space usage. San Diego is close to San Francisco in terms of event market share but low in space utilization.

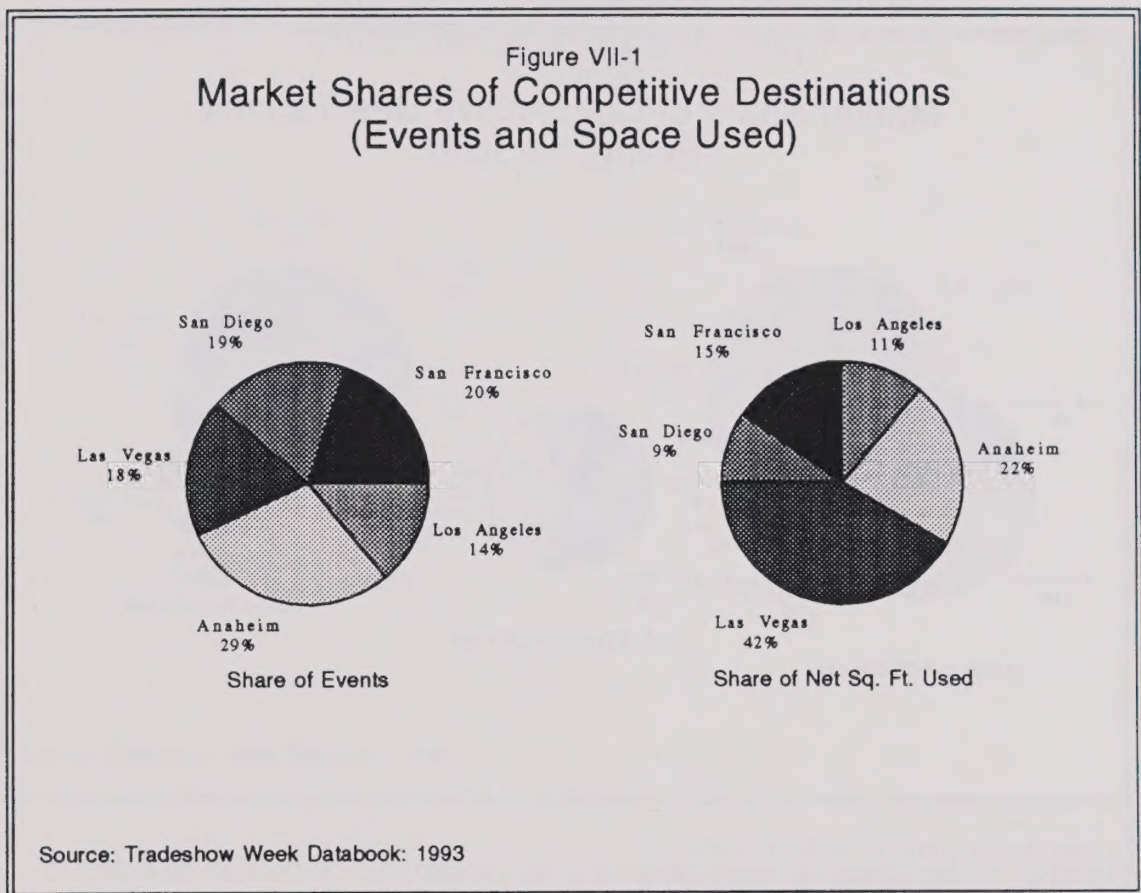
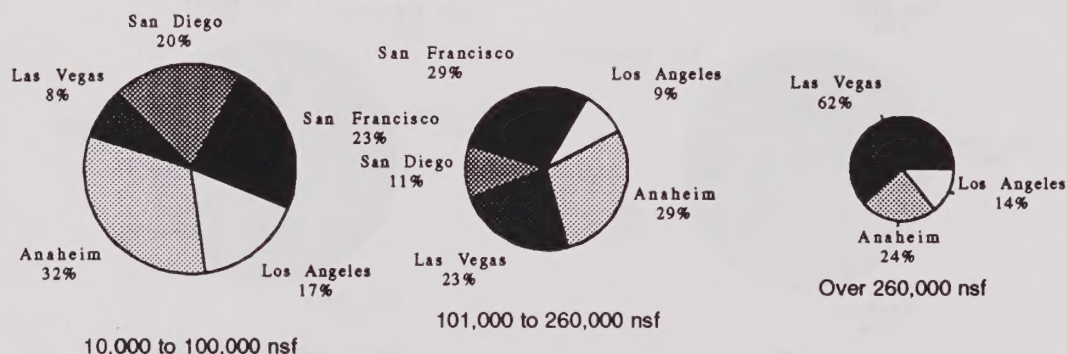


Figure VII-2 illustrates the relative share of San Francisco based on size of exhibition space used. San Francisco has 23 and 29 percent of the 10,000 to 100,000 and 101,000 to 260,000 net square foot events respectively. San Francisco has no market share of events above 260,000 net square feet since this is the maximum size of the Moscone Center. Despite having a large convention center, Anaheim has a large share of the smaller meetings and runs numerous multiple events. The Las Vegas Convention Center is primarily oriented toward very large shows and has few smaller events. Smaller events in Las Vegas can easily fit in one of the many major casino hotels.

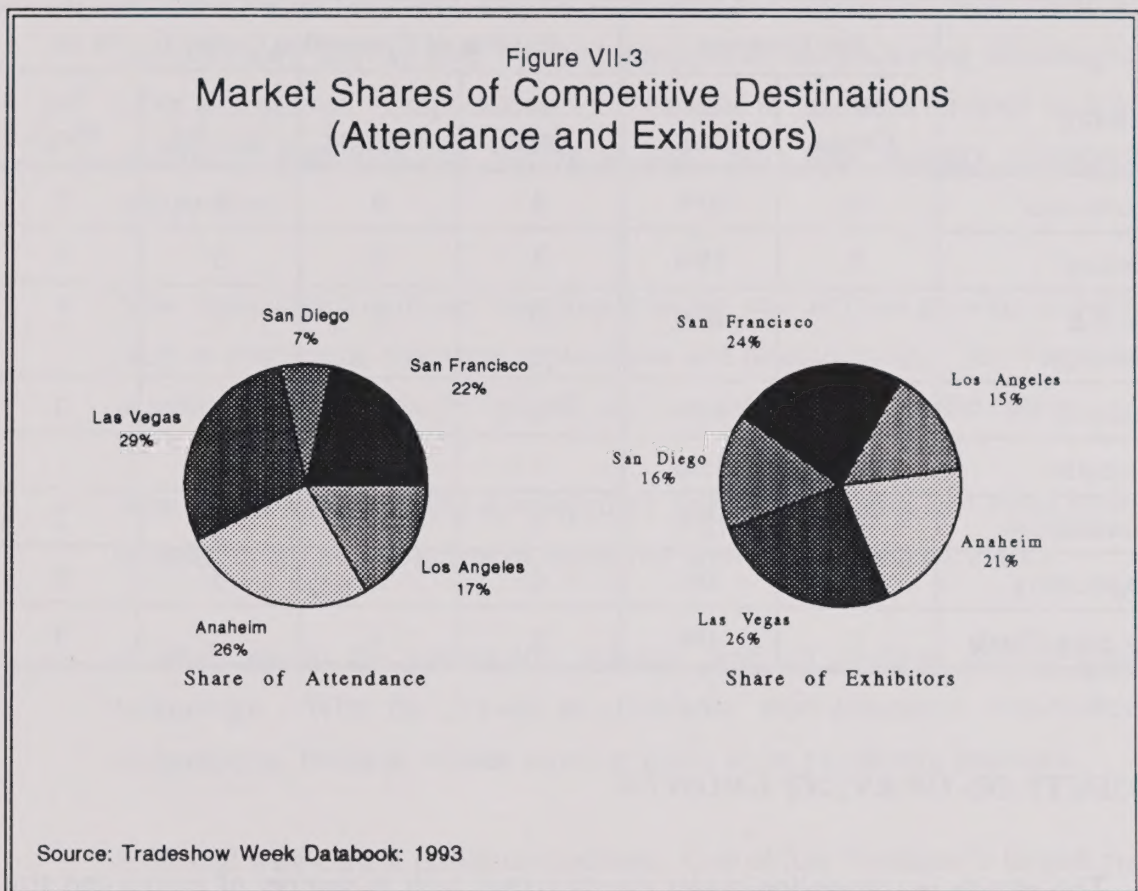
Figure VII-2
Market Share of Competitive Destinations
(Events by Size)



Note: Scaled to ratio of number of events
Source: Tradeshow Week Databook: 1993

Attendance and Exhibitors

A critical factor for convention centers is attendance. As shown in Figure VII-3, San Francisco has a 22 percent share of total attendance as compared to a 20 percent share of events. Las Vegas has a much larger share of attendance while San Diego has a much smaller share.



In terms of exhibiting companies, San Francisco has a 24 percent share of market as compared to only a 15 percent share of total exhibit space. It seems reasonable that exhibitors find San Francisco so important a venue to be present in, they are willing to have smaller booths just to be represented at meetings held in San Francisco. Exhibiting companies in San Francisco routinely use less space per event. Las Vegas is the other end of the spectrum with very large spaces per exhibitor.

Market Share By Industrial Classification

Shown below is a breakdown of the number of events by selected industrial classification. San Francisco has a large market share of electronics/computer events and medical events. Anaheim and San Diego both have a number of these events and strongly compete with San Francisco for them. Anaheim has a number of engineering and sporting equipment related events of which San Francisco did not have any.

Industry	San Francisco		Number of Convention Center Events in:			
	Moscone Events	Market Share	Las Vegas	Anaheim	Los Angeles	San Diego
Electronics ²	11	39%	4	6	2	5
Medical ³	9	33%	3	8	0	5
Food & Beverage	4	40%	0	2	2	2
Radio & TV	2	33%	2	1	1	0
Education	2	25%	1	4	0	1
Construction	1	12%	3	0	2	2
Engineering	0	0%	0	5	1	2
Sporting Goods	0	0%	2	4	1	3

PROJECTIONS OF EVENT GROWTH

The growth in convention center events occurs both in number of events and size of event. The two are also related since smaller events that continue to grow will eventually reach a size suitable for convention centers.

^{2/} Includes computers, computer applications, communications, and electronics.

^{3/} Includes medical, health care, dental, nursing, pharmaceutical.

Growth in Number of Meetings

As was presented in Section IV, the total number of major convention events has essentially flattened which is consistent with industry interviews. Although some new events are starting and smaller events are growing to convention center size, these are offset by events merging or being eliminated. In considering the growth in the number of meetings, ERA considered the following:

- For the foreseeable future, major conventions and expositions will remain a valid and necessary activity both for their educational and marketing advantages over other alternatives. Corporations will continue to view conventions as a critical method of marketing and staying in touch with their industry customers and competition.
- New convention events are emerging from the new and fast growing technologies such as computers, computer applications and biotechnology. San Francisco has benefitted greatly from this growth and is poised to do so in the future.
- New events are also being developed by convention centers and event promoters in order to fill available spaces, primarily with local consumer events.
- A wild-card in the convention industry (and all business related travel) is technology. With the growth in affordable, next-generation communications technologies, business related travel is likely to be negatively impacted.
- A second wild-card is health care reform. One of San Francisco's largest markets is medical related events. If sweeping health care reforms reduce the importance of individual doctors in favor of large buying groups, the number of customers for medical related activities will be greatly reduced. Therefore, while the education function will remain valid, the exhibition component for medical industries will be less important.

For the above reasons, ERA expects the number of meetings in North America to grow slowly over time. The West Coast market, however, is expected to experience a more rapid growth in the number of meetings hosted between now and the Year 2000 at the expense of other parts of the U.S., primarily due to the assumed expansion in San Diego, but also due to the greatly increased capacity in Los Angeles. The scenarios involving an expansion in San Francisco are also likely to attract a few additional groups into the West Coast market, in addition to redistributing meeting locations within the West Coast.

Growth in Meeting Size

The majority of growth in the meetings industry is expected to occur in the number of attendees and size of exhibit space rather than sheer number of events. The industry interviews indicated a typical growth rate of 2 to 3 percent per year for attendance and slightly higher for exhibit space. As part of the interviews, respondents were asked to estimate their attendance and exhibit space currently and for 2000, 2005 and 2010. While most respondents knew their current attendance and exhibit requirements, a number were not able to estimate future attendance. Respondents in medical related industries were particularly uncertain about future meeting demand.

As shown below, the average attendance at all meetings among those interviewed was 16,000 persons. This is expected to increase 11 percent by the year 2000 and continue to grow at 7 to 8 percent for each five year increment thereafter. In the near term, smaller events are expected to grow faster than larger events in percentage terms. However, in terms of absolute numbers of attendees, larger events are growing faster and this is expected to be the situation for the foreseeable future.

	Average Attendance	Expected Percent Increase in Attendance During Period			
		1994-2000	2000-2005	2005-2010	1994-2010
Total	16,000	11%	7%	7%	29%
Half Moscone Users	6,500	13%	7%	8%	30%
Full Moscone Users	18,600	7%	8%	7%	24%

Source: EPI Survey

As a general rule, exhibit space requirements have grown faster than attendance and this is expected to be so in the future. As shown below, the amount of exhibition space demanded is expected to increase 19 percent between now and 2000 and about 8 to 9 percent for each 5 year increment thereafter. Smaller events are expected to grow slightly faster (in percentage terms) from now until 2000. In absolute growth terms, large events are growing faster in exhibit space requirements.

	Expected Percent Increase in Net Square Feet of Exhibit Space During Period			
	1994-2000	2000-2005	2005-2010	1994-2010
Total	19%	9%	8%	44%
Half Moscone Users	24%	9%	6%	45%
Full Moscone Users	19%	11%	10%	51%

Source: EPI Survey

PROJECTIONS OF MARKET AND ROOMNIGHT CAPTURE

All of the information in Sections II through VII of this report was used to inform the projections of market growth and capture under the three future scenarios. Convention calendars and the Tradeshow Week data were used to construct 1993 base year business profiles for the business in San Francisco and in the West Coast as a whole. Adjusting for events which had not been picked up by Tradeshow Week, but excluding minor events such

as product announcements and one-day local shows, the West Coast market in 1993 contained 230 significant events. San Francisco captured 46 of these significant events, of which 17 used most or all of the Moscone Center areas, and 29 were small enough to allow for simultaneous use of some of the facilities by other groups. Using this projection model, San Francisco had a 20 percent share of the events in the West Coast market in the base year.

Events of different sizes were assigned different lengths (including move days as well as event days), and were assumed to require different amounts of space in Moscone on the average. Half users of Moscone were assumed to use an average of 4 areas for 9 days, and full users 9 areas for 10 days. For projecting business in a complex with an expansion on an adjacent block, groups larger than what can be accommodated in Moscone today were estimated to require 13 areas for 11 days. From these factors, the occupancy of total area-days was calculated for each alternative, and San Francisco was assumed to be constrained to no more than 70 to 71 percent occupancy (corresponding to 100 percent occupancy on a practical basis) in each future alternative.

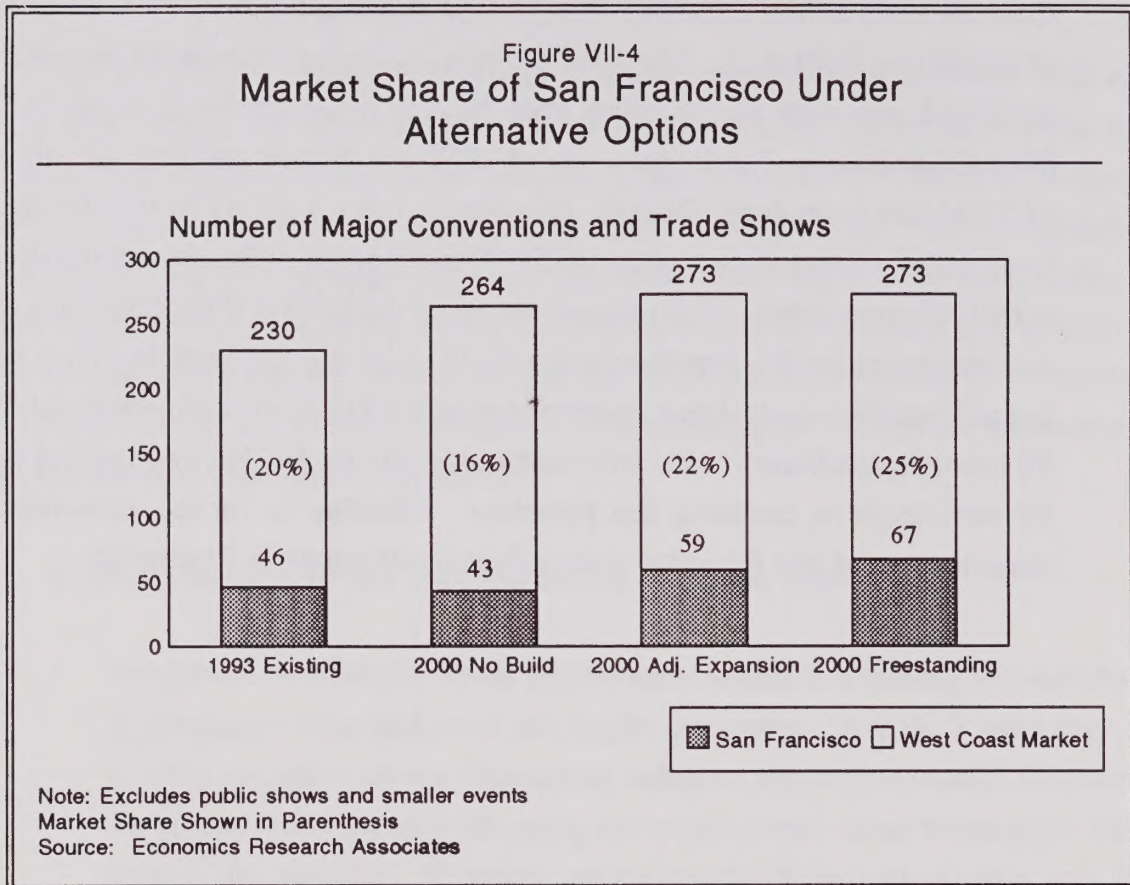
Several additional factors were used in the projection model:

- The growth in exhibition space requirements results in a shifting in events by size as groups get larger and move into higher categories. Over the 7 years from 1993 to 2000, executive survey respondents indicated that approximately 20 percent of the groups which are currently using half of Moscone's areas would grow into full users of the facilities. Similarly, approximately 20 percent of those now fitting into the full facility were expected to outgrow Moscone entirely. These same ratios were also applied to the West Coast market in the size ranges affecting San Francisco.
- Overall growth in the number of groups was expected to be relatively slow in North America. Growth in the West Coast was projected to be somewhat faster, however, due to greater market capture at the expense of the rest of North America as a result of the recent expansion of Los Angeles and the assumed expansion of San Diego in the 1993-2000 time period. For the no build alternative, a West Coast growth rate of 2 percent per year was assumed in

number of groups. For the two alternatives assuming an expansion in San Francisco, an additional half percent was added to the growth rate to account for the increased drawing power in the West contributed by San Francisco.

- The hotel roomnights filled by each event mix for San Francisco and the West Coast as a whole were estimated using an analysis based on IACVB CINET data as reported in Section IV. That data provided an average number of roomnights associated with each size of event when these events occurred anywhere in the West Coast market. For the base year of 1993, this method produces an estimate of 3,850,000 roomnights filled by convention center business in the five West Coast cities. The predicted value for San Francisco using this same methodology is 690,000 roomnights. ERA believes that using the IACVB West Coast averages underestimates the San Francisco count by 15 to 25 percent, because events held in San Francisco usually break attendance records for their sponsoring associations. To maintain consistency in the projections, however, the IACVB averages are used for each scenario, including San Francisco. Factoring up for the extraordinary attractiveness of San Francisco is then done in the narrative description.

The results of combining all the above factors into a projection model produced the following estimates of future San Francisco market share (summarized graphically in Figure VII-4). The implications of the market share projections for each alternative are described in more detail below.



No Build Alternative

The projection model estimates that several groups outgrow Moscone by the year 2000 and that several more move up from being half to full users. The result is that the average annual number of full users goes from 17 to 19, leaving room for only 24 (rather than 29) half users within the 71 percent capacity constraint. This business mix has the following implications:

- San Francisco market share in number of groups drops from 20% in 1993 to 16% in 2000.
- The total number of groups meeting in San Francisco drops from 46 to 43 for the average year.
- San Francisco roomnight generation drops from 690,000 to 660,000 for a loss of 30,000 roomnights per year.
- Assuming a San Francisco extraordinary attractiveness factor of 25%, the loss could be as great as 37,500 roomnights (862,500 dropping to 825,000).

Alternative 1: Expansion on an Adjacent Block

With expansion of San Francisco facilities, the entire West Coast market is expected to be marginally larger by the year 2000. In San Francisco, three groups are assumed to take advantage of the adjacent facilities to hold meetings larger than are possible today. With the new complex, 20 groups of the size which currently require all of Moscone's facilities (or an average of 9 areas) are expected to occupy San Francisco in 2000. The expanded capacity of the complex, which is now assumed to contain 14 use areas, is filled to its 70 percent limit by another 36 groups which are the size of half users today.

- San Francisco market share climbs from 20% to 22%.
- The total number of groups meeting in San Francisco climbs from 46 to 59 for the average year.
- San Francisco roomnight generation increases from 690,000 to 960,000 for a gain of 270,000 roomnights.
- Assuming a San Francisco extraordinary attractiveness factor of 25%, the gain could be as great as 337,500 roomnights (from 862,500 to 1,200,000).

Alternative 3: Development of a Freestanding Facility Near Hotels

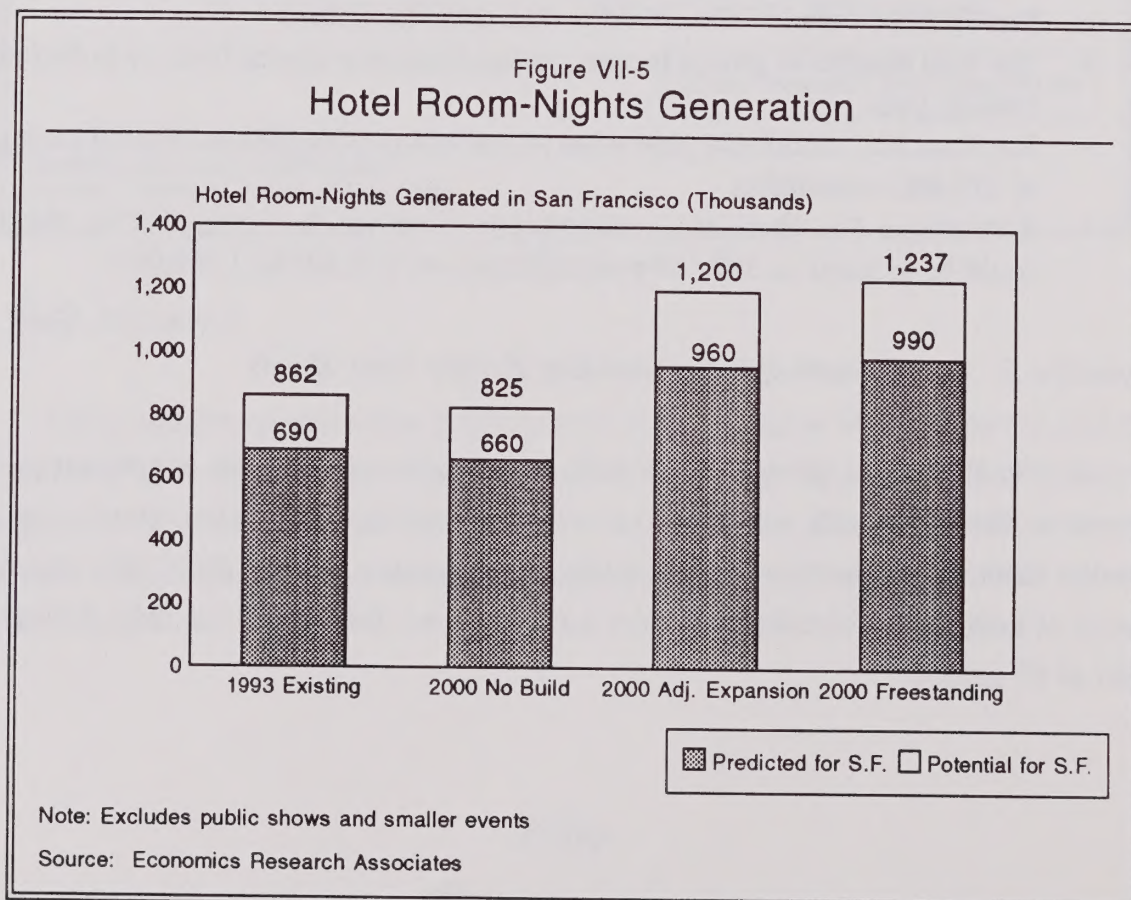
In this alternative, groups which outgrow Moscone cannot meet any longer in San Francisco. However, with more room at a satellite facility for smaller groups, the full Moscone Center is projected to be utilized by 22 groups per year by 2000. The expanded capacity of both centers combined provides sufficient space for 45 half size users as well, for a total of 67 groups.

- San Francisco market share climbs from 20% to 25%.
- The total number of groups meeting in San Francisco climbs 46 to 67 for the average year.
- San Francisco roomnight generation increases from 690,000 to 990,000 for a gain of 300,000 roomnights.
- Assuming a San Francisco extraordinary attractiveness factor of 25%, the gain could be as great as 375,000 roomnights (from 862,500 to 1,237,500).

Projection of Economic Impacts

Market share in terms of the number of groups is only one measure of the distribution of convention and tradeshow business on the West Coast. Of more importance locally is the tangible benefit of filling hotel rooms. The roomnight generation from capture of market share is summarized in Figure VII-5.

Other implications of group capture for San Francisco are the number of delegates attracted and the spending power they bring with them to the city. These implications of market capture are explored further in Section VIII.



Section VIII

ECONOMIC IMPACT OF ALTERNATIVES

This section begins with a recapitulation of the number of events projected by the market share analysis to be attracted by each of the alternatives for expansion. The volume of spending in San Francisco by delegates, exhibitors and associations at these events is then estimated along with multiplier effects on the San Francisco economy. The total economic impact is then presented for the existing situation and three future scenarios: no expansion of facilities, expansion of meeting spaces adjacent to the existing Moscone Center, and development of a freestanding meeting facility near the hotel block.

ATTRACTION OF EVENTS AND DELEGATES TO SAN FRANCISCO

From the market share analysis in Section VII, the number of events by size which would be attracted to San Francisco was estimated for each of the alternatives. Table VIII-1 reiterates the findings from the market share analysis. In only one alternative (Alternative 1 which assumes expansion of facilities on an adjacent block) would there be the ability to house groups which are larger than those coming to San Francisco today. Alternative 3, building a new freestanding facility near the hotel block, would not allow for larger groups than are attracted today, but would accommodate a greater number of events.

Starting with projections of roomnight generation, estimates of the number of delegates attracted to events of different sizes are presented in Table VIII-2, based upon ERA's analysis of the IACVB CINET data for the West Coast market. Use of West Coast averages introduces a conservative bias in projecting attendance and spending impacts, because evidence from executive interviews suggests groups draw greater attendance than usual (as much as 15 to 25 percent more) when they meet in San Francisco. The average number of exhibitors associated with each of these event sizes is presented in Table VIII-3, based upon ERA's tabulation of data published by Trade Show Week in its Data Book. The total volumes of events, exhibitors, and number of delegates for each alternative are summarized in Table VIII-4.

Table VIII-1

PROJECTIONS OF MARKET RESPONSE

Alternatives	Users of Half Moscone	Full Moscone Users	Groups Larger Than Moscone	Total
Existing Situation (1993)	29	17	0	46
No Build (2000)	24	19	0	43
Adjacent Expansion (2000)	36	20	3	59
Freestanding Near Hotels (2000)	45	22	0	67

Source: ERA

Table VIII-2

DELEGATE ATTENDANCE BY GROUP SIZE

	Users of Half Moscone	Full Moscone Users	Groups Larger Than Moscone
Total Room Nights /1	13,300	17,900	36,900
Number of Delegates Per Room	1.6	1.6	1.6
Average Length of Stay /2	3.48	3.48	3.48
Percent of Delegates Staying in Hotels /2	80%	80%	80%
Estimated average Delegates per Event	7,650	10,300	21,200

/1 IACVB CINET data for the West Coast Market

/2 IACVB Convention Income Survey

Source: As noted and ERA.

Table VIII-3

AVERAGE EXHIBITING COMPANIES PARTICIPATION BY GROUP SIZE

	Users of Half Moscone	Full Moscone Users	Groups Larger Than Moscone
Average Number of Exhibiting Companies per Event	280	600	950

Source: ERA Analysis of Tradeshow Week Databook.

Table VIII-4

**SUMMARY OF NUMBER OF EVENTS, EXHIBITORS
AND REGISTERED DELEGATES, BY ALTERNATIVE**

Alternatives	Total Number of		
	Events	Exhibiting Companies	Delegates
Existing Situation (1993)	46	18,320	396,950
No Build (2000)	43	18,120	379,300
Adjacent Expansion (2000)	59	24,930	545,000
Freestanding Near Hotels (2000)	67	25,800	570,850

Source: ERA

DIRECT SPENDING BY DELEGATES, EXHIBITORS, AND ASSOCIATIONS

In order to estimate the direct spending associated with major meetings in San Francisco, ERA applied necessary adjustments to the spending pattern data developed by IACVB in its "1993 Convention Income Survey." IACVB and their consultants have discovered that convention spending is correlated with the size of population in the host metropolitan area, and have published a series of average expenditures by population groups which can be used to adjust overall spending patterns. San Francisco and the Bay Area fit into the largest category, and the indicated adjustment has been made in Tables VIII-5 through VIII-7, with total expenditure patterns pro rated between all sectors of the economy. For this analysis, expenditure patterns for "all conventions" have been used in making economic projections. Because this average includes a portion of state and local shows, it is more conservative than relying entirely on spending patterns for the larger shows which are of national and international scope.

Using the 1993 existing situation as an example, 396,950 delegates (Table VIII-4) spending \$883 each (Table VIII-5) produces \$350 million in gross spending in 1993. Similar computations produce spending estimates of \$85 million by exhibitors, and another \$1 million by associations. The total gross spending attributed to major meeting activity in 1993 is then the sum of \$436 million. Table VIII-8 presents this total, along with the distribution of the spending among economic sectors in San Francisco. A series of similar analyses have been conducted to produce the following estimates of gross spending:

- \$436 million -- Existing Situation (1993);
- \$420 million -- No Build (2000);
- \$598 million -- Adjacent Expansion (2000); and
- \$625 million -- Freestanding Near Hotels (2000).

MULTIPLIER EFFECTS

Applying expenditure patterns to estimates of total delegates and exhibitors attracted by each alternative produces estimates of the direct spending impacts in San Francisco. This

Table VIII-5

BREAKDOWN OF DELEGATE EXPENDITURES

Adjusted for the San Francisco MSA

RIMS II Sector Number	Type of Expenditure	All Types of Conventions	
		Total	Daily
72.0100	Hotel Rooms	\$407	\$117
74.0000	Hotel Restaurants	107	31
74.0000	Other Restaurants	109	31
72.0100	Hospitality Suites	29	8
76.0201	Admission To Shows	15	4
76.0206	Recreation	7	2
76.0203	Sporting Events	3	1
76.0206	Sightseeing	13	4
69.0200	Retail Stores	114	33
65.0200	Local Transport	17	5
75.0001	Auto Rental	23	7
69.0200	Gasoline	13	4
69.0200	Other	25	7
	Total	\$883	\$254
	Days per Delegate	3.48	
	Average Expenditures:		
	Per All Delegates	\$883	
	Per out-of-town Delegate	\$1,002	
	Per in-town delegate	\$141	

Source: International Association of Convention and Visitor Bureau,
1993 Convention Income Survey conducted by Deloitte & Touche; ERA

Table VIII-6

BREAKDOWN OF ASSOCIATION EXPENDITURES

Adjusted for the San Francisco MSA

RIMS II Sector Number	Type of Expenditure	All Types of Conventions	
		Total	Daily
73.0109	Exhibition Space Fee	\$388	\$78
73.0109	Additional Room Rental	59	12
74.0000	Food & Beverage	941	189
74.0000	Staff Living Expenses	107	21
73.0107	Equipment Rental	193	39
73.0103	Services Hired	149	30
73.0109	Other*	255	51
	Total	\$2,092	\$420
	Days per Convention	4.98	

Average Spending Per Delegate = \$58.28

* Entertainment, Promotional Items, Printing Services, Etc.

Table VIII-7

BREAKDOWN OF EXHIBITING COMPANIES EXPENDITURES

Adjusted for the San Francisco MSA

RIMS II Sector Number	Type of Expenditure	All Types of Conventions	
		Total	Daily
73.0109	Meeting Rooms	\$49	\$16
74.0000	Food & Beverage	1,259	417
72.0100	Hospitality Suites	448	148
73.0107	Equipment Rental	381	126
73.0200	Advertising	225	75
73.0103	Services Hired	532	176
69.0200	Other*	1,789	592
	Total	\$4,684	\$1,551
	Days per Exhibit	3.02	

* Drayage, Auto Rental, Promotional Items, Etc.

Source: International Association of Convention and Visitor Bureau,
1993 Convention Income Survey conducted by Deloitte & Touche; ERA

Table VIII-8

**TOTAL EXPENDITURES BY RIMS II SECTOR,
EXISTING SITUATION (1993)**

RIMS II Sector Number	Sector Name	Total Expenditure (In \$1000)
65.0200	Local/suburban transit & interurban transp.	\$6,757
69.0200	Retail Trade	\$93,209
72.0100	Hotels & Lodging Places	\$181,262
73.0103	Personnel Supply Services	\$9,754
73.0107	Equipment Rental	\$6,986
73.0109	Other Businesses, nec	\$918
73.0200	Advertising	\$4,129
74.0000	Eating & Drinking Establishments	\$108,628
75.0001	Auto Rental	\$9,145
76.0201	Theatrical Producers, bands, entertainers	\$6,022
76.0203	Commercial Sports	\$1,367
76.0206	Other Amusement & Recreation, nec	\$8,031
	TOTAL	\$436,208

Source: ERA

spending is new money flowing into the San Francisco County economy. As such, the convention and trade show industry is serving as part of the economic base to the County.

In the field of regional economic analysis, industries and the employment within them may be separated conceptually into two types: those that form the base to the local economy, and those that serve residents who live in the local area. Industries which are part of the base to the economy have the power to create wealth by drawing new money into the area, while industries serving residents merely circulate money which is already in the local economy.

Spending by convention delegates (for example, in a hotel) has a "direct impact" on the local economy by injecting new money into the area which would not have been there without the meeting taking place. The impact of this new money does not stop at the direct effect, however. There is an "indirect effect" as the suppliers to the hotel also experience increased revenues, add staff to provide goods and services, and pay additional taxes. Furthermore, the employees in the businesses feeling the direct and indirect expansion caused by the new money flowing into the local economy have more money in their pockets as a consequence, and they create "induced" effects as they spend their paychecks on the full variety of goods and services necessary to support their lifestyles.

Together, the indirect and induced economic expansion is referred to as the "multiplier effect" over and above the direct impact. Input-output models are used to estimate the interrelationships between the various sectors in the local economy, and to provide estimates of "multipliers" which estimate the direct and induced effects created from direct impacts. For example, if the multiplier for the hotel industry is 1.5, then approximately \$50 of indirect and induced economic activity will be generated within San Francisco by an original \$100 rent of a hotel room, for a total economic impact of \$150.

The analytical tool used for impact estimation is the Regional Input-Output Modeling System (RIMS II). For ERA the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) developed RIMS II multipliers specifically for San Francisco County. The BEA produces three types of multipliers; output, employment and income multipliers which are industry specific on the 2- and 6- digit Standard Industrial Classification levels. RIMS

multipliers for the relevant sectors for the San Francisco economy are presented in Table VIII-9.

SUMMARY OF ECONOMIC IMPACTS

RIMS II multipliers are applied to the direct impact (or the "change in final demand" within the local economy). Gross spending by convention delegates and exhibitors is slightly larger than the net direct impact due to the immediate leakage from the local economy in the retail sector caused by money flowing out of the local area to pay for the cost of goods sold. To account for this leakage, the retail spending estimates have been reduced to 45 percent of the total to reflect only the value added by the local retailer, local wholesaler and local transporter in goods sold through San Francisco retail outlets.

Multipliers are applied to the resulting direct impact estimates for the existing situation and all three alternatives in Tables VIII-10 through -13. "Jobs" are measured in full-time-equivalent positions. "Earnings" refers to the portion of total economic flows which are captured as income for job holders in San Francisco County. "Output" is a concept similar to gross domestic product, and is an expression of the total economic activity in San Francisco created by the presence of major meetings and exhibitions in the city. The results of the multiplier analysis may be summarized as follows:

	Jobs (FTE's)	Earnings (constant 1994 \$ millions)	Ouput (constant 1994 \$ millions)
Existing Situation - 1993	7,100	\$145	\$703
No Build - 2000	6,800	\$140	\$676
Adjacent Expansion - 2000	9,700	\$199	\$964
Freestanding Near Hotels - 2000	10,100	\$207	\$1,007

Table VIII-9

SAN FRANCISCO OUTPUT, EARNINGS & JOB MULTIPLIERS

(In 1994 Million Dollars)

RIMS II Sector Number	Industry Name	Output /1 (dollars)	Earnings /2 (dollars)	Employment /3 (no. of jobs)
65.0200	Local/suburban transit & interurban transp.	1.6417	0.3127	8.6
69.0200	Retail Trade	1.6759	0.4144	21
72.0100	Hotels & Lodging Places	1.6079	0.3064	17.2
73.0103	Personnel Supply Services	1.5554	0.5264	32.9
73.0107	Equipment Rental	1.4418	0.3621	16.4
73.0109	Other Businesses, nec	1.4935	0.3824	17.9
73.0200	Advertising	1.7108	0.3975	15.1
74.0000	Eating & Drinking Establishments	1.5723	0.2896	21.4
75.0001	Auto Rental	1.5003	0.2582	9.4
76.0201	Theatrical Producers, bands, entertainers	1.8435	0.3463	12.3
76.0203	Commercial Sports	2.1672	0.6365	16.8
76.0206	Other Amusement & Recreation, nec	1.5015	0.2705	15.7

/a Includes government enterprises

/1 Each entry in column 1 represents the total dollar change in output that occurs in all row industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

/2 Each entry in column 2 represents the total dollar change in earnings of households employed by all row industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

/3 Each entry in column 3 represents the total change in number of jobs in all row industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry. Because the employment multipliers are based on 1989 data, the output delivered to final demand should be in the same years dollars.

SOURCE: Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis.

Table VIII-10

**JOBS, EARNINGS, AND OUTPUT IMPACT OF THE MOSCONE CENTER IN SAN FRANCISCO
EXISTING SITUATION (1993)**
(In 1994 Million Dollars)

RIMS II Number	Sector Name	Jobs			Earnings			Output		
		Direct	Total	Ratio	Direct	Total	Ratio	Direct	Total	Ratio
65.0200	Local/suburban transit & interurban transp.	27	50	1.82	\$1.4	\$2.1	1.50	6.8	\$11.1	1.64
69.0200	Retail Trade	1,264	1,672	1.32	\$27.2	\$38.6	1.42	93.2	\$156.2	1.68
72.0100	Hotels & Lodging Places	2,014	2,663	1.32	\$35.3	\$55.5	1.58	181.3	\$291.5	1.61
73.0103	Personnel Supply Services	236	274	1.16	\$4.1	\$5.1	1.25	9.8	\$15.2	1.56
73.0107	Equipment Rental	76	98	1.30	\$1.9	\$2.5	1.32	7.0	\$10.1	1.44
73.0109	Other Businesses, nec	11	14	1.28	\$0.3	\$0.4	1.32	0.9	\$1.4	1.49
73.0200	Advertising	34	53	1.58	\$1.1	\$1.6	1.47	4.1	\$7.1	1.71
74.0000	Eating & Drinking Establishments	1,612	1,985	1.23	\$20.4	\$31.5	1.54	108.6	\$170.8	1.57
75.0001	Auto Rental	48	73	1.54	\$1.6	\$2.4	1.46	9.1	\$13.7	1.50
76.0201	Theatrical Producers, bands, entertainers	25	63	2.52	\$1.0	\$2.1	2.11	6.0	\$11.1	1.84
76.0203	Commercial Sports	9	20	2.20	\$0.5	\$0.9	1.75	1.4	\$3.0	2.17
76.0206	Other Amusement & Recreation, nec	82	108	1.31	\$1.5	\$2.2	1.46	8.0	\$12.1	1.50
	TOTAL	5,437	7,073	1.55	\$96.3	\$144.9	1.52	\$436.2	\$703.1	1.64

Note: 1989 CPI/1994(April) CPI = 0.8540 (1994 dollars have to be converted to 1989 dollars to calculate job impact).

/a Includes government enterprises

SOURCE: Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis; EDC; ERA

Table VIII-11

**JOBS, EARNINGS, AND OUTPUT IMPACT OF THE MOSCONE CENTER IN SAN FRANCISCO
NO BUILD (2000)**
(In 1994 Million Dollars)

RIMS II Number	Sector Name	Jobs			Earnings			Output		
		Direct	Total	Ratio	Direct	Total	Ratio	Direct	Total	Ratio
65.0200	Local/suburban transit & interurban transp.	26	47	1.82	\$1.3	\$2.0	1.50	6.5	\$10.6	1.64
69.0200	Retail Trade	1,223	1,617	1.32	\$26.3	\$37.4	1.42	90.2	\$151.1	1.68
72.0100	Hotels & Lodging Places	1,927	2,548	1.32	\$33.7	\$53.2	1.58	173.5	\$278.9	1.61
73.0103	Personnel Supply Services	234	271	1.16	\$4.1	\$5.1	1.25	9.6	\$15.0	1.56
73.0107	Equipment Rental	75	97	1.30	\$1.9	\$2.5	1.32	6.9	\$10.0	1.44
73.0109	Other Businesses, nec	11	14	1.28	\$0.3	\$0.3	1.32	0.9	\$1.4	1.49
73.0200	Advertising	33	53	1.58	\$1.1	\$1.6	1.47	4.1	\$7.0	1.71
74.0000	Eating & Drinking Establishments	1,552	1,911	1.23	\$19.7	\$30.3	1.54	104.6	\$164.4	1.57
75.0001	Auto Rental	46	70	1.54	\$1.5	\$2.3	1.46	8.7	\$13.1	1.50
76.0201	Theatrical Producers, bands, entertainers	24	60	2.52	\$0.9	\$2.0	2.11	5.8	\$10.6	1.84
76.0203	Commercial Sports	9	19	2.20	\$0.5	\$0.8	1.75	1.3	\$2.8	2.17
76.0206	Other Amusement & Recreation, nec	78	103	1.31	\$1.4	\$2.1	1.46	7.7	\$11.5	1.50
	TOTAL	5,237	6,811	1.55	\$92.8	\$139.5	1.52	\$419.7	\$676.4	1.64

Note: 1989 CPI/1994(April) CPI = 0.8540 (1994 dollars have to be converted to 1989 dollars to calculate job impact).

/a Includes government enterprises

SOURCE: Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis; EDC; ERA

Table VIII-12

**JOBS, EARNINGS, AND OUTPUT IMPACT OF THE EXPANDED MEETING/EXHIBIT FACILITIES: ALTERNATIVE 1
ADJACENT EXPANSION**

(In 1994 Million Dollars)

RIMS II Number	Sector Name	Jobs			Earnings			Output		
		Direct	Total	Ratio	Direct	Total	Ratio	Direct	Total	Ratio
65.0200	Local/suburban transit & interurban transp.	37	68	1.82	\$1.9	\$2.9	1.50	9.3	\$15.2	1.64
69.0200	Retail Trade	1,730	2,288	1.32	\$37.2	\$52.9	1.42	127.6	\$213.8	1.68
72.0100	Hotels & Lodging Places	2,763	3,654	1.32	\$48.4	\$76.2	1.58	248.8	\$400.0	1.61
73.0103	Personnel Supply Services	322	373	1.16	\$5.6	\$7.0	1.25	13.3	\$20.6	1.56
73.0107	Equipment Rental	103	133	1.30	\$2.6	\$3.4	1.32	9.5	\$13.7	1.44
73.0109	Other Businesses, nec	15	19	1.28	\$0.4	\$0.5	1.32	1.2	\$1.9	1.49
73.0200	Advertising	46	72	1.58	\$1.5	\$2.2	1.47	5.6	\$9.6	1.71
74.0000	Eating & Drinking Establishments	2,209	2,721	1.23	\$28.0	\$43.1	1.54	148.9	\$234.0	1.57
75.0001	Auto Rental	66	101	1.54	\$2.2	\$3.2	1.46	12.6	\$18.8	1.50
76.0201	Theatrical Producers, bands, entertainers	34	87	2.52	\$1.4	\$2.9	2.11	8.3	\$15.2	1.84
76.0203	Commercial Sports	12	27	2.20	\$0.7	\$1.2	1.75	1.9	\$4.1	2.17
76.0206	Other Amusement & Recreation, nec	113	148	1.31	\$2.0	\$3.0	1.46	11.0	\$16.6	1.50
	TOTAL	7,450	9,691	1.55	\$131.9	\$198.5	1.52	\$597.8	\$963.6	1.64

Note: 1989 CPI/1994(April) CPI = 0.8540 (1994 dollars have to be converted to 1989 dollars to calculate job impact).

/a Includes government enterprises

SOURCE: Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis; EDC; ERA

Table VIII-13

**JOBS, EARNINGS, AND OUTPUT IMPACT OF THE EXPANDED MEETING/EXHIBIT FACILITIES: ALTERNATIVE 3
FREESTANDING NEAR HOTELS**

(In 1994 Million Dollars)

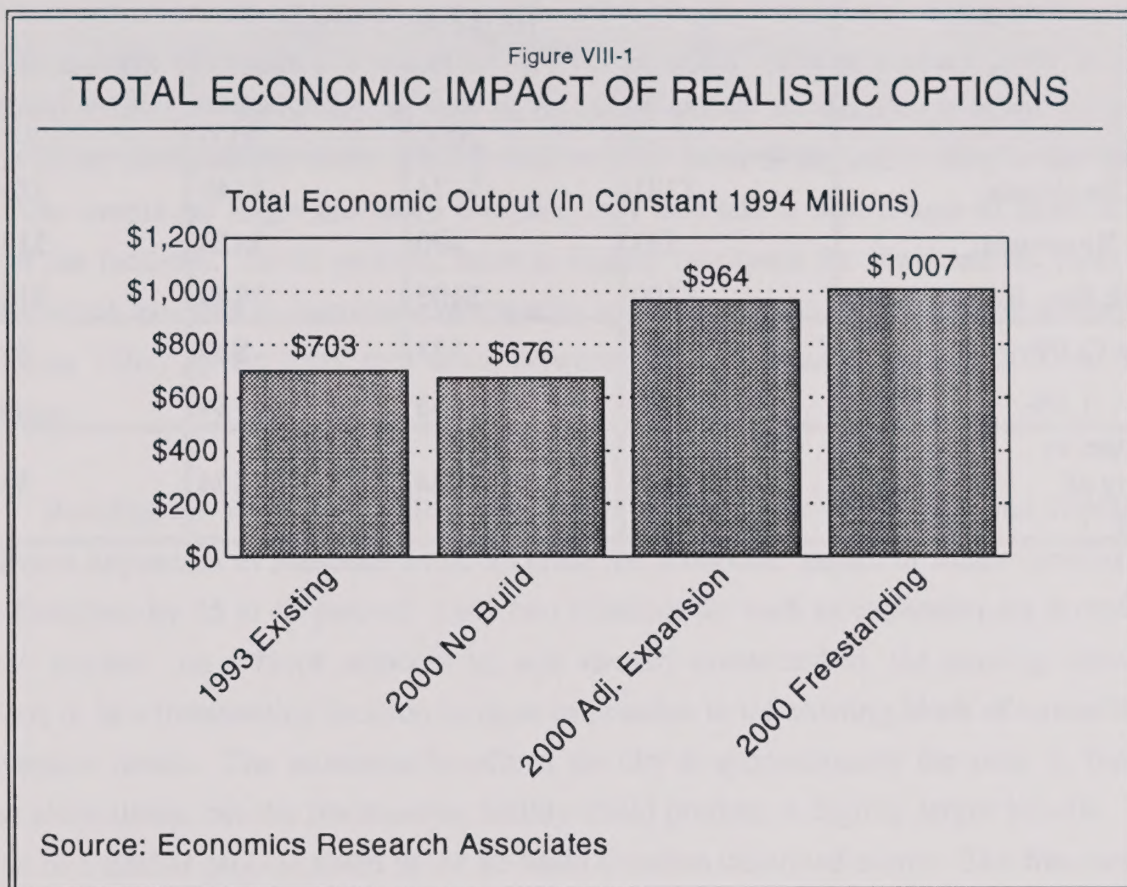
RIMS II Number	Sector Name	Jobs			Earnings			Output		
		Direct	Total	Ratio	Direct	Total	Ratio	Direct	Total	Ratio
65.0200	Local/suburban transit & interurban transp.	39	71	1.82	\$2.0	\$3.0	1.50	9.7	\$16.0	1.64
69.0200	Retail Trade	1,805	2,387	1.32	\$38.9	\$55.1	1.42	133.1	\$223.0	1.68
72.0100	Hotels & Lodging Places	2,893	3,826	1.32	\$50.7	\$79.8	1.58	260.4	\$418.7	1.61
73.0103	Personnel Supply Services	333	386	1.16	\$5.8	\$7.2	1.25	13.7	\$21.4	1.56
73.0107	Equipment Rental	106	138	1.30	\$2.7	\$3.6	1.32	9.8	\$14.2	1.44
73.0109	Other Businesses, nec	15	20	1.28	\$0.4	\$0.5	1.32	1.3	\$1.9	1.49
73.0200	Advertising	48	75	1.58	\$1.6	\$2.3	1.47	5.8	\$9.9	1.71
74.0000	Eating & Drinking Establishments	2,308	2,843	1.23	\$29.2	\$45.0	1.54	155.5	\$244.5	1.57
75.0001	Auto Rental	69	106	1.54	\$2.3	\$3.4	1.46	13.2	\$19.7	1.50
76.0201	Theatrical Producers, bands, entertainers	36	91	2.52	\$1.4	\$3.0	2.11	8.7	\$16.0	1.84
76.0203	Commercial Sports	13	28	2.20	\$0.7	\$1.3	1.75	2.0	\$4.3	2.17
76.0206	Other Amusement & Recreation, nec	118	155	1.31	\$2.1	\$3.1	1.46	11.5	\$17.3	1.50
	TOTAL	7,782	10,124	1.55	\$137.8	\$207.4	1.52	\$624.8	\$1,007.0	1.64

Note: 1989 CPI/1994(April) CPI = 0.8540 (1994 dollars have to be converted to 1989 dollars to calculate job impact).

/a Includes government enterprises

SOURCE: Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis; EDC; ERA

Using economic output as the most robust measure of economic impact, Figure VIII-1 presents a graphic image of the relative difference between the future alternatives and the existing situation. The pattern for jobs and earnings is essentially the same, although at a different scale.



Increased economic output embodies not only additional jobs and income, but increased tax revenue as well. Table VIII-14 presents estimates of the relative power to generate tax revenues from the different alternatives, as indicated by the two major sources affected by meetings and exhibitions through direct mechanisms. This accounts for the majority of tax revenues, although other revenues will be raised through the payroll tax, parking taxes and other sources, and some additional revenue will be collected from indirect and induced economic activity.

Table VIII-14

ESTIMATE OF DIRECT TAX REVENUES
 (Constant 1994 \$ millions)

	Expansion Options			
	Existing Situation 1993	No Build 2000	Adjacent Expansion 2000	Freestanding Near Hotels 2000
Gross Hotel Revenues	\$181	\$174	\$249	\$260
Gross Retail Revenues	\$93	\$90	\$128	\$133
Gross Food & Bev. Revenues	\$109	\$105	\$149	\$156
Hotel Tax @ 12.0%	\$22	\$21	\$30	\$31
Sales Tax @ 1.5%	\$3	\$3	\$4	\$4
Direct Revenue to City & County of San Francisco	\$25	\$24	\$34	\$36

Source: ERA

CONCLUSION

In Section VII it was determined that by doing nothing San Francisco will lose market share by the year 2000, but this does not necessarily mean that San Francisco would lose any business in absolute terms. In this Section, however, it was found that in doing nothing there will be a slight decline in total economic impact from the business meeting in the existing Moscone Center. This occurs because as repeat customers in Moscone continue to grow, some of the simultaneous users of today will become users of the full facility in the future. As these events get larger and more complex, they also take a little longer to move in and out of the facilities. In the process, there is slightly less room for simultaneous users in a future which assumes no expansion of capacity in San Francisco. This effect is represented in Figure VIII-1 by the small step down between the 1993 situation and the 2000 no build situation.

Building an additional facility comparable to the recent North Hall and Esplanade Ballroom expansion to Moscone could increase the economic impact of major meetings on San Francisco by 35 to 45 percent. Only two locations for such an expansion are acceptable to the market: on a block adjacent to, and visually connected to, the existing Moscone Center; or in a freestanding location as close as possible to the existing block of committable convention hotels. The economic benefit to the city is approximately the same in both of these alternatives, but the freestanding facility could produce a slightly larger benefit. This is due to a similar process noted in the no build situation described above. The freestanding facility would not allow San Francisco to attract groups any larger than those today, but by not serving the larger end of the market the freestanding facility would allow San Francisco to handle many more smaller events of the size that are currently simultaneous users of half of Moscone's space. These smaller groups have the advantage of being slightly shorter in move-in/-out time required, and can be staggered to create a more even demand for hotel rooms, restaurants and other facilities in the city. As a result, the greater number of smaller events in the freestanding alternative generates slightly more room-nights, and thus slightly greater economic impact, than the alternative of expanding the existing Moscone Center onto an adjacent block.

This study has conducted extensive primary market research and constitutes the needs assessment for additional meeting and/or exhibit facilities in San Francisco. The conclusion is that if San Francisco builds new facilities, the market will respond positively and fill them to effective capacity. A full feasibility analysis of new facilities, however, would require two additional steps. First, conceptual designs would have to be developed sufficiently to allow for estimation of costs for site acquisition, relocation and construction. Second, the benefits to the City of San Francisco and the community at large would have to be compared with the development costs and environmental and community issues to determine if the required investment is justified.

NEEDS ASSESSMENT STUDY FOR ADDITIONAL MEETING AND/OR EXHIBIT SPACE

Prepared for:
Convention Facilities Department
Office of the Chief Administrative Officer
City & County of San Francisco

APPENDIX I

INTERVIEW MATERIALS

- Letter from the Office of the Chief Administrative Officer
- Profile of Responding Organization
- Interview Record
- Map



OFFICE OF

CHIEF ADMINISTRATIVE OFFICER

RUDOLF NOTHENBERG
CHIEF ADMINISTRATIVE OFFICER

289 CITY HALL
SAN FRANCISCO
CALIFORNIA 94102
415/554-4851

February 28, 1994

Dear _____ :

The City of San Francisco in cooperation with the San Francisco Convention & Visitors Bureau has begun a study on how to best meet the future space needs of our valued customers in the meeting industry.

To conduct the study, we have engaged the consulting team of Economic Research Associates, Public Affairs Management and Iyer Associates (EPI). EPI's task is to determine whether there is projected demand for meeting room and/or exhibit space in addition to what is currently available at the expanded Moscone Convention Center and in our Civic Center facilities. Should the study indicate the need for additional space, EPI's task is to advise us as to the optimum mix of meeting room and exhibit space as well as to the most desirable locations in relationship to Moscone Center.

We are writing to advise you of this study and to let you know that you may be contacted by EPI for a telephone and/or personal interview. We would very much appreciate your assistance in this effort, which is of immense importance to us, and thank you in advance for your cooperation.

Should you have any questions, please feel free to call me or Jack Moerschbaeher of my staff at (415) 554-6178.

Sincerely,

Rudy Nothenberg
Chief Administrative Officer

PROFILE OF RESPONDING ORGANIZATION

You have been selected for an interview regarding San Francisco's planning for possible further expansion of the Moscone Convention Center. In order to make the best use of your time during our interview, we ask that you please fill out the following brief questionnaire before.

SOME BASIC INFORMATION ABOUT YOUR ORGANIZATION:

1. Name of organization _____
2. Address _____

3. Phone No. _____
4. FAX No. _____
5. (If you are an association) How many members does your association have?
_____members.
6. What type of organization are you?

____a. Scientific/Cultural or Educational	____g. Government Agency or Affiliate
____b. Health or Medical Organization	____h. Religious Organization
____c. Trade Organization/Union	____i. Insurance Company
____d. Professional Society	____j. Business Corporation
____e. Fraternal or Social Organization	____k. Manufacturing Company
____f. Public Affairs/Social Welfare/Political	____l. Financial Institution
____ Other (write in) _____	

ABOUT PAST MEETINGS: Please fill in the following information regarding the largest meeting of your organization in the past twelve months.

7. Location (City) _____
8. Month _____ Year _____
9. Total Number in Attendance _____
10. Scope of Meeting:

____a. Local	____c. National
____b. Regional	____d. International

11. Check category which best describes the meeting:
- ☐ a. Convention
 ☐ c. Trade Show
☐ b. Convention & Trade Show
 ☐ d. Other
12. Number of hotel rooms required on the peak night: _____
13. Number in attendance at largest session: _____
14. Average hotel room rate: \$_____
15. Number of breakout rooms required: _____
16. Number of exhibitors participating: _____
17. Number of exhibit booths required: _____
18. Approximate exhibit space required: _____ Net square feet.
 _____ Gross square feet.
19. How far in advance did you select a site for your last major conference or convention?
 _____ years.
20. Length of meeting? _____ event days.
 _____ move in and move out days.

ABOUT THE FUTURE: Projecting from the current sizes you have just given us, please estimate how large your meeting will be in future years.

- | | 2000 | 2005 | 2010 |
|--|-------|-------|-------|
| 21. Total attendance: | _____ | _____ | _____ |
| 22. Number of peak hotel rooms required: | _____ | _____ | _____ |
| 23. Number in attendance at largest session: | _____ | _____ | _____ |
| 24. Number of breakout rooms required: | _____ | _____ | _____ |
| 25. Number of exhibitors participating: | _____ | _____ | _____ |
| 26. Approximate NET exhibit space required:
(Square feet) | _____ | _____ | _____ |
| 27. Length of meeting (in event days): | _____ | _____ | _____ |

**SAN FRANCISCO NEEDS ASSESSMENT
FOR
ADDITIONAL CONVENTION SPACE**

Interview Record for Client Interviews

Name of Organization _____

Names of Attendees _____

Date: _____

Location: _____

Interviewer: _____

A. GENERAL CONVENTION INDUSTRY TRENDS

A1 What are growth trends in the industry? ☐ Major ☐ Moderate ☐ Slow
☐ No Growth ☐ Decline ☐ Don't Know

A2a Are new groups and shows forming or are they merging and consolidating? ☐ More New Groups ☐ Same Number
☐ Fewer Groups

A2b Why is that?

A3 Are large groups still growing in size? ___ Yes ___ No

A4 In what areas is growth primarily occurring? ☐ Exhibit Space Need ☐ Meeting Room Need
☐ Plenary Session Space ☐ Attendance in General

A5 Do you see any new trends in facilities needs?

B. DECISION MAKING PROCESS ON CONVENTION LOCATION

B1 Who makes the decision on where to hold a meeting?

B2a Are meeting locations rotated? ___ Yes ___ No

- B2b If yes, what is the usual rotation? _____

- B3 What factors are most compelling in choosing a location? _____

- B4 What cities look the most attractive to your group? _____

- B5 What cities look the least attractive to your group? (and why?) _____

- B6 What cities are alternatives to San Francisco? _____

C. PREVIOUS EXPERIENCE IN SAN FRANCISCO

- C1 What are primary reasons for choosing to meet in San Francisco? (or why not?) ☐ Moscone Center ☐ Climate/Scenery
☐ Other Attractions ☐ Hotels ☐ Restaurants
☐ Uniqueness of City ☐ All of the Above
☐ Other _____

- C2a When did you last meet in San Francisco? _____
 or _____
- C2b When did you last try to meet in San Francisco? _____
- C3 Did the facilities meet your needs at your last San Francisco meeting? ____ Yes ____ No

D. GROWTH PROJECTIONS FOR YOUR MAJOR MEETING

- D1 How do you envision your future meeting space requirements? ☐ Stay the Same
☐ May Decrease
☐ Will Increase
☐ Other _____

D2 What are your specific needs?
(See Profile of Responding Organizations
for detailed information.)

E. YOUR FUTURE NEEDS IN SAN FRANCISCO

E1a For your specific purposes, do you feel Moscone Center needs to be expanded to meet your group's needs? Yes___ No___

E1b If the City were to embark on a capital improvement program, what would be the ideal size, type, and configuration for your group?

Exhibit Space:_____

Meeting Space:_____

Proximity:_____

Other Facility:_____

Other:_____

F. FACILITIES OPTIONS IN SAN FRANCISCO

Now we would like to be realistic about how we might best be able to accommodate your needs in the City of San Francisco. For each of several options we describe (using maps and graphics), please give us the most likely response of your organization in terms of whether you would come to San Francisco or not for use of the following facilities: [200,000 - 250,000 sq. ft. of exhibit space, and 50,000 sq. ft. of flexible ballroom/meeting room space.]

F1 For Groups that have or will soon outgrow the current Moscone Center, would you be willing to use any of the following options to provide supplemental space to the existing Moscone Center:

1. A facility comparable to the recent expansion on an adjacent block (i.e., where there is at least a visible connection to Moscone Center).

___ Yes ___ No ___ Maybe

2. A new facility in the immediate vicinity of Moscone (but a half block or more away, eliminating any visible connection to Moscone Center).

___ Yes ___ No ___ Maybe

3. A freestanding facility near an existing convention hotel block.

___ Yes ___ No ___ Maybe

4. A freestanding facility at a remote site.

___ Yes ___ No ___ Maybe

5. Do you have a strong preference for one of these locations:

☐ Yes, strong preference for:

☐ Open, no real preference.

F2 For Groups that have not outgrown the facility, and would like to meet in San Francisco, would you be willing to use any (or all) of the following facilities if these were the only facilities with dates available:

1. A facility comparable to the recent expansion on an adjacent block (i.e., where there is at least a visible connection to Moscone Center).

_____ Yes _____ No _____ Maybe

2. A new facility in the immediate vicinity of Moscone (but a half block or more away, eliminating any visible connection).

_____ Yes _____ No _____ Maybe

3. A freestanding facility near an existing convention hotel block.

_____ Yes _____ No _____ Maybe

4. A freestanding facility at a remote site.

_____ Yes _____ No _____ Maybe

5. Do you have a strong preference for one of these locations:

☐ Yes, strong preference for:

☐ Open, no real preference.

6. If dates were available to use either one of the new facilities or the existing Moscone Center, which would you prefer?

☐ New location

☐ Prefer existing Moscone

☐ Open, no real preference

G. OTHER COMMENTS/OBSERVATIONS DURING INTERVIEWS:



0 1000 2000 3000 4000 FT. 1 2 MILES

- | | | |
|---|--|--|
|  BART |  CIVIC CENTER |  250 - 499 HOTEL RMS./BLOCK |
|  CABLE CAR LINE |  20 - 100 HOTEL RMS./BLOCK |  500 + HOTEL RMS./BLOCK |
|  UNION SQUARE |  100 - 249 HOTEL RMS./BLOCK | |

**NEEDS ASSESSMENT STUDY FOR
ADDITIONAL MEETING AND/OR EXHIBIT SPACE**

Prepared for:
Convention Facilities Department
Office of the Chief Administrative Officer
City & County of San Francisco

APPENDIX II

LIST OF GROUPS CONTACTED FOR INTERVIEW AS PART OF THE STUDY

LIST OF GROUPS CONTACTED FOR INTERVIEW AS PART OF THE STUDY

Ace Hardware Company

American Academy of Dermatology**

American Academy of Family Physicians*

American Academy of Neurology

American Academy of Ophthalmology**

American Academy of Orthopaedic Surgeons*

American Academy of Otolaryngology**

American Academy of Pediatrics**

American Academy of Periodontology*

American Academy of Physician Assistants

American Association for Clinical Chemistry**

American Association for Dental Research

American Association for Respiratory Care

American Association of Advancement of Science*

American Association of Blood Banks**

American Association of Cardiology

American Association of Community Colleges

American Association of Critical-Care Nurses

American Association of Museums

American Association of Neurological Surgeons**

American Association of Nurse Anesthetists**

*indicating telephone interview was conducted

**indicating personal interview was conducted

American Association of Orthodontists

American Association of Petroleum Geologists

American Association of Retired Persons

American Association of School Administrators

American Bankers Association

American Bar Association**

American Booksellers Association

American Chemical Society

American College of Allergists

American College of Cardiology

American College of Chest Physicians

American College of Obstetricians & Gynecologists

American College of Occupational Medicine

American College of Physicians

American College of Surgeons**

American Contract Bridge League

American Dental Association**

American Diabetes Association

American Dietetic Association**

American Federation of State, County & Municipal Employees

American Fishing Tackle Manufacturers Association*

American Gastroenterological Association, c/o Slack, Inc.*

American Geophysical Union

American Heart Association*

American Hospital Association

American Industrial Hygiene Association

American Institute of Architects

American Institute of Ultrasound in Medicine

American Library Association**

American Mathematical Society*

American Medical Association

American Occupational Therapy Association

American Osteopathic Association

American Postal Workers Union

American Psychiatric Association

American Public Transit Association**

American Public Works Association

American Rental Association

American School of Food Service Association

American Society for Cell Biology

American Society for Industrial Security*

American Society for Microbiology

American Society for Parenteral & Enteral Nutrition

American Society for Training & Development

American Society of Anesthesiologists

American Society of Association Executives**

American Society of Cataract & Refracting Surgery

American Society of Clinical Oncology, c/o Bostrom Corporation

American Society of Clinical Pathologists

American Society of Hematology

American Society of Hospital Pharmacists

American Society of Human Genetics

American Society of Nephrology*

American Society of Plastic & Reconstructive Surgeons

American Society of Post Anesthesia Nurses

American Society of Therapeutic Radiology

American Society of Zoologists*

American Supply & Machinery Manufacturers Association, Inc., c/o Thomas Associates, Inc.

American Supply Association

American Urological Association*

American Veterinary Medical Association

American Vocational Association

American Water Works Association

American Wholesale Marketers Association**

Amusement and Music Operators Association*

Associated Equipment Distributors

Associated General Contractors of America

Association for Computing Machinery, c/o MP Associates, Inc.*

Association for Educational Communications & Technology*

Association for Information & Image Management*

Association for Supervision & Curriculum Development

Association of Legal Administrators

Association of Military Surgeons of the U.S.

Audio Engineering Society

Automotive Parts & Accessories Association, c/o William T. Glasgow, Inc.

Bank Administration Institute

Beauty & Barber Supply Institute

Ben Franklin Stores

Biophysical Society of America

California Grocers Association

Cellular Telecommunications Industry Association

Century 21 International

Ceramic Tile Distributors

Christian Booksellers Association

Chrysler Corporation

Church of God in Christ International

Club Managers Association of America

Coast to Coast Stores

COMMON - IBM Users Group*

Communication Workers of America

Conference on Calcium Regulating

Congress of Neurological Surgeons**

Construction Industry Manufacturers Association*

Construction Specifications Institute

Council of Logistics Management

Data Processing Management Association

Direct Marketing Association*

Diving Equipment Manufacturers Association

Electronic Distribution Show, c/o Electronic Industry Show Corporation

Emergency Nurses Association*

Endocrine Society*

EPIC Enterprises*

Evangelical Lutheran Church, c/o Ann Becker & Associates

Federation of American Societies for Experimental Biology (FASAB)

Food Processing Machinery**

Golf Course Superintendents Association of America

Health Industry Distributors Association

Healthcare Financial Management*

Helicopter Association International

Hobby Industry Association of America

Institute of Electrical & Electronics Engineers, c/o Watkins-Johnson Company

Institute of Food Technologists**

Instrument Society of America

Insurance Accounting & Systems Association

Interex, c/o Conferon, Inc.*

International Association of Amusement Parks & Attractions

International Association of Dental Research

International Communications Association

International DB2 Group*

International Exhibitors Association

International Mobile Communications Exposition, c/o Cardiff Communications

International Racquet Sports Association

International Reading Association

International Sanitary Supply Association

International Sleep Products Association

International Society for Hybrid Microelectronics

International Tile & Stone Exposition, c/o Trade Show International

Luggage & Leather Goods Manufacturers of America

McDonald's Corporation

Miller Brewing Company

Million Dollar Round Table

Moose International

Motor & Equipment Manufacturers Association

National Aggregates Association

National American Wholesale Grocers Association

National Association for Home Care

National Association of Broadcasters

National Association of Chain Drug Stores

National Association of College Stores

National Association of Convenience Stores**

National Association of Counties

National Association of Elementary School Principals

National Association of Food Equipment Manufacturers*

National Association of Home Builders of the U.S.

National Association of Pizza Operators, Inc.

National Association of Quick Print Expo

National Association of Realtors

National Association of Retail Druggists (NARD)

National Association of Secondary School Principals

National Association of Television Program Executives International (NAPTE)*

National Autobody Congress & Exposition

National Automobile Dealers Association*

National Black MBA Association

National Business Aircraft Association

National Business Travel Association**

National Cable Television Association*

National Catholic Educational Association

National Concrete Masonry Association

National Council of Teachers of English

National Council of Teachers of Mathematics

National Education Association**

National Electric Sign Association

National Electrical Contractors Association*

National Fire Protection Association*

National Floor Covering Distributors*

National Food Brokers Association

National Food Processors Association*

National Glass Association

National Grocers Association

National Nutritional Foods Association

National Office Machine Dealers Association/Local Area Network Dealers Association
(NOMDA/LANDA)

National Retail Federation

National Roofing Contractors Association

National Safety Council

National Sash & Door Jobbers Association**

National School Boards Association**

National Science Teachers Association

National Solid Wastes Management Association**

National Spa & Pool Institute**

National Urban League

Newspaper Association of America*

Oncology Nursing Society

Optical Society of America

Oracle Corporation**

Personal Communications Industry

Photo Marketing Association International*

Produce Marketing Association

Retail Bakers of America

Retail Bankers of America

Risk & Insurance Management Society

San Francisco International Gift Fair

Screen Printing Association International**

Semicon**

Shooting Hunting & Outdoor Trade Show, c/o Reed Exhibition Companies

Smith Bucklin & Associates (see individual groups)

Society for Neuroscience

Society of Exploration Geophysicists*

Society of Motion Picture & Television Engineers

Society of Pediatrics Research*

Society of Thoracic Surgeons

Society of Toxicology

Special Libraries Association

Specialty Tools & Fasteners Distributors Association

Telecommunications Industry Association**

The Gourmet Products Shows**

Travel Industry Association of America*

U.S. Hispanic Chamber of Commerce

U.S. League of Savings

Uniforum, c/o Professional Exposition Management Company

United Fresh Fruit & Vegetable Association

Unix Reseller Show

Water Environment Federation**

*indicating telephone interview was conducted

**indicating personal interview was conducted

GENERAL LIMITING CONDITIONS

Every reasonable effort has been made in order that the data contained in this study reflect the most accurate and timely information possible and it is believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent and representatives or any other data source used in preparing or presenting this study.

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